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# USSR Report

NATIONAL ECONOMY

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USSR REPORT  
NATIONAL ECONOMY

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## REGIONAL DEVELOPMENT

### INCREASED LOCAL SOVIET ROLE IN REGIONAL ECONOMY DECREED

Moscow PLANOVoye KHOZYASTVO in Russian No 10, Oct 86 pp 29-38

[Article by V. Varlamov: "The Soviets of People's Deputies and the Acceleration of Socioeconomic Development"]

[Text] The July 1986 decree of the CPSU Central Committee, Presidium of the USSR Supreme Soviet and USSR Council of Ministers, "On Measures for Further Increasing the Role and Enhancing the Responsibility of the Soviets of People's Deputies for Accelerating Socioeconomic Development in Light of the Decisions of the 27th CPSU Congress," is an inseparable and fundamentally important part of the system of measures for restructuring the guidance of the economy, the economic mechanism, planning and management. At the same time, the CPSU Central Committee issued a decree "On the Further Improvement of Party Guidance of the Soviets of People's Deputies," which notes that the decree of the CPSU Central Committee, Presidium of the USSR Supreme Soviet and USSR Council of Ministers opens up new possibilities in the work of the soviets and makes it possible to more completely combine the territorial and branch principles in management and to better resolve questions pertaining to the everyday lives of Soviet citizens.

The set of measures contained in the decree is fully based on the CPSU Central Committee's Political Report to the 27th Party Congress and the congress's resolutions; pulls together many proposals made by its delegates, the rich experience that has been gained in the work of the soviets, party and economic-management organizations and the fraternal socialist countries, and studies by research institutions; and responds to the need to solve many urgent problems in the soviets' work.

The diversity of the problems with which the soviets concern themselves determined the broad and comprehensive nature of the decree and the diverse range of questions resolved in it. It introduces something new in virtually every area of the soviets' activities. The basic political meaning of the decree is to step up in every way possible the involvement of the soviets, as the most mass agencies of socialist democracy, in accomplishing the chief task of accelerating socioeconomic development. The accomplishment of this task requires the mobilization of additional territorial reserves for increasing production and its efficiency on the basis of achieving comprehensiveness in the development of each region's economy and the most rational resolution of

the range of questions connected with satisfying the population's diverse requirements, i.e., creating conditions for the highly productive work of all labor collectives.

The USSR Constitution codifies the duty of the soviets to ensure the comprehensive development of the economy within their territories. The decree defines the areas of the realization of this function of the soviets and shows them how to turn comprehensiveness--that scientific economic category--into concrete sources for conserving resources and additional reserves for increasing the efficiency of economic performance. The decree grants the soviets specific rights with regard to the pooling of the funds and efforts of the enterprises and organizations located within their territory for the comprehensive and economical solution of regions' production and social problems.

Among the areas of the rational cooperation among enterprises that the soviets are called on to coordinate, first place belongs to the implementation by associations, enterprises and organizations of joint measures to identify and utilize additional reserves for increasing production and improving the quality of consumer goods and services. It is clear that groups of enterprises located within the same city or region always have greater possibilities for organizing the additional production of consumer goods and achieving a higher quality of goods (and services) than each of them separately. In such cases it is a good idea to combine the production potential of various enterprises on the basis of cooperative arrangements; one, for example, has certain types of production by-products, while another has equipment for processing them; one has one sort of technology for machining certain types of assemblies and parts, while another has a different technology. For the soviets to combine the strong sides of such enterprises and their joint efforts not only will ensure an increase in the production of goods but will increase production efficiency through the advantages of the division of labor. The resolution gives the soviets the right to set assignments in plans for all enterprises for the additional production of consumer goods and to confirm assignments for them for the provision of paid services. It is planned to set up regional coordinating centers for the production of consumer goods that are intended to precisely define the mix of products required for a region, the quantity of them, and the enterprises that are to manufacture them, in order not to allow the excessive accumulation of some output while other is in short supply.

Such a pooling of the efforts and funds of various enterprises on the same territory will also contribute to the accomplishment of other tasks mentioned in the decree, such as the organization of the production, on a cooperative basis, of mechanization and automation equipment for reducing heavy and relatively unattractive manual labor. In addition to the right to coordinate the efforts of enterprises, the decree grants the soviets the right to issue orders for research and design work and for the manufacture of necessary equipment (within limits of up to one percent of the work of design and production organizations and enterprises operating within a soviet's territory).

An extremely important area of cooperation among enterprises and associations in which the soviets are also called on to play an organizing role is the joint acquisition, operation and rental of progressive but, as a rule, costly equipment, instruments and apparatus, and the establishment of collective-use computer centers and combined experimental-laboratory research and design services for several enterprises and organizations. This will save funds spent on the introduction of scientific and technical advances, since many new types of equipment at one enterprise, especially a medium-sized or relatively small one, operate for an extremely limited number of hours. On the other hand, with collective use and surmounting of the narrow framework of enterprises and of departmental barriers, the potential for scientific and technological progress is revealed to the fullest extent. It is precisely from this standpoint that the soviets can and should make their contribution to the acceleration of scientific and technological progress--through the creation within their territories of the conditions for the introduction of its accomplishments, without pretending, naturally, to interfere in functions that are the prerogative of the enterprises and ministries.

An important area of the soviets' coordination of the actions of associations and enterprises is coming to be the shared participation of the latter in the development of the capacity of the construction industry and building-materials industry, as well as the creation on these terms of specialized enterprises and organizations for the performance of work related to their reconstruction and technical reequipment. The idea in this area is to step up the soviets' participation in accomplishing such general tasks for the economy that are timely at the present stage as the development of the method whereby enterprises or associations do their own construction, the "embodiment" of economic-incentive funds' money that is earned by enterprises under the new economic mechanism in concrete production, social and cultural facilities, and the implementation of one of the main areas of present-day investment policy--the resolute shifting of the center of gravity in capital construction from the construction of new facilities to the reconstruction and technical reequipment of existing enterprises. Moreover, this participation of the soviets, as the decree makes apparent, should not be reduced to general appeals and discussions and the duplication of the actions of other management agencies, but should be actions proper to the soviets as agencies of territorial, interbranch management that are best suited to coordinating and pooling the funds and efforts of enterprises, and should lead to more economical economic operations thorough the abandonment of dwarf-sized construction organizations that are established merely so associations or enterprises can have their "own," and the formation in their stead of larger and more efficient combined subdivisions.

The same effect--the economical and productive use of money--should also be provided by the implementation of other areas of the soviets' coordinating activities. This refers to the joint construction and operation of facilities in the production infrastructure; environmental-protection installations and units; residential buildings; trade, public-catering and consumer-service enterprises; sanatoriums; polyclinics; hospitals; preschool institutions; Palaces of Culture; clubs; stadiums; and other social, cultural and municipal-service facilities. The same thing applies to the coordination of the activities of associations, enterprises and organizations in seeking out and



mobilizing additional reserves for saving materials, fuel and thermal and electrical energy; in the comprehensive utilization of natural and other resources; and in the recycling of secondary raw materials and production and consumption wastes. The granting by associations, enterprises and organizations to other associations, enterprises and organizations, on a contractual basis, of production capacity, equipment and storage buildings that are temporarily not being fully utilized will contribute to the better utilization of existing production potential.

It is not hard to see that all the enumerated areas of work direct the soviets to seek untapped potential for improving efficiency at the interfaces of branches and to focus the branches' joint efforts on more fully realizing the advantages the common ownership by the whole people of the means of production and on surmounting the lack of coordination among departments.

Thus, practically every soviet will find in the aforementioned areas of coordinating activity a specific field for manifesting its own initiative and organizational work and for accelerating socioeconomic development.

It is important to note (and this, in general, is a characteristic mark of the decree) that every provision in it is backed up by a definite mechanism for its implementation. Thus, the instruction to enhance the soviets' coordinating role in solving comprehensive economic and social problems within the territories under their jurisdiction is supported by granting them the rights to organize implementation of the aforementioned areas of rational cooperation among the enterprises on their territory and to establish interbranch and intereconomic territorial production associations, utilizing the well-known experience of the Poti City Soviet Executive Committee and other local soviet executive committees. The ministries and departments are instructed, proceeding from general state interests, to do everything possible to support the soviets' innovative recommendations, and to create the conditions for the enterprises under their administration to jointly solve economic and social problems.

The instruction contained in the decree to clarify existing departmental normative documents and supplement them with provisions fostering rational cooperation among enterprises and between enterprises and local soviets will be important. An essential role in this connection is assigned to the USSR State Planning Committee.

The enhancement of the soviets' coordinating functions is also supported economically: it is deemed advisable for part of the money saved through the implementation of measures carried out by the soviets to be placed at their disposal.

The assignment to the soviets regarding the strengthening of their organizational role in cooperation among associations and enterprises on their territories assumes special timeliness in connection with expansion of the independence and accountability of these basic production units, which is creating a new situation in their relations among themselves and with local bodies of power. On the one hand, conditions are being improved for enterprises' joint resolution of production and social questions within the

same territory under the organizational influence of the soviets, and on the other hand, this same independence itself requires appropriate coordination, since without it it will be difficult to effectively realize the new possibilities. For example, for the construction of production, social and cultural facilities using economic incentive funds created by enterprises (without which the very significance of these funds is depreciated), it is necessary in each region to tie in the development of construction organizations' capacities with the size of these funds, partly through the shared participation of interested enterprises in this process, to foresee requirements for labor resources, to clarify the capability of the production and social infrastructure and the natural environment to handle the additional burden, etc., and to outline measures for meeting these requirements.

The instruction concerning the soviets' broad utilization of Leningrad organizations' experience, endorsed by the CPSU Central Committee, in developing and implementing measures for improving the use of existing production potential and raising the shift coefficient, which make it possible to fulfill plans for the production of output with fewer capital investments in production construction and to reallocate part of the money saved thereby for the additional development of the social sphere, is aimed at accomplishing the comprehensive development of the economy through the establishment of progressive proportions between the production and nonproduction spheres.

The practice of combining production facilities that are being built into industrial clusters with common utilities and services, pollution-abatement installations and other facilities belonging to the production infrastructure has proven effective and makes it possible to save substantially on capital investments and material resources, cut operating expenses, and reduce the territory required for construction. In a number of regions of the country this practice has been adopted on a significant scale. In Belorussia, for example, up to 70 percent of all production capital investments are allocated for facilities built as part of industrial clusters. However, the wider adoption of this progressive form of comprehensive construction has been hindered so far by complexities in organizing the shared participation of enterprises with different departmental affiliations. The participants in the creation of an industrial cluster should turn over capital investments for the construction of common cluster facilities to an enterprise that is to serve as the head builder of those facilities. In practice, however, the agreed-upon amounts of these funds and deadlines for turning them over have frequently been violated with reference to such excuses as a reduction in allocated capital investments, a changed situation, etc.; this has placed the head builder in a difficult situation and made it necessary for that enterprise to use its own funds to build infrastructure facilities for all participants in the cluster. Because of this, it has been difficult to get any enterprise to agree to become the head builder, many plans for industrial clusters have remained unrealized, and a considerable number of clusters have fallen apart, with each enterprise compelled to build its own boiler houses, railroad sidings, etc.

The decree eliminates this obstacle: The USSR State Planning Committee is instructed to provide in draft plans for the centralized transfer, to USSR ministries and departments and union-republic Councils of Ministers having



administrative responsibility for enterprises that are the head builders of industrial clusters, capital investments and amounts of contract work for the construction of common cluster facilities in accordance with the industrial clusters' general plans, and these plans themselves will now be approved by agencies of the USSR State Construction Committee together with the union- or autonomous-republic Councils of Ministers and the kray (or oblast) soviet executive committees.

In order to overcome the practice, which is typical for many places, whereby the construction of housing, municipal-service, social, cultural and pollution-abatement facilities called for in construction projects' itemized lists lags behind the construction of production facilities, the soviets have been given the right to order a client, together with the general contract organization, to draw up and carry out the necessary measures by specific dates. In order to influence the construction of nonproduction facilities that are not included on construction projects' itemized lists, the decree gives soviets new channels of influence, including the duty of appropriate economic-management agencies to coordinate with them the draft plans of all enterprises within their territories with regard to the development of the nonproduction sphere.

The resolution of another pressing question--the ministries' and departments' participation in the social development of regions--is also made simpler. Local soviet agencies expend considerable effort trying to persuade branch economic-management agencies whose enterprises are located on their territories to take part in the construction of citywide or rayonwide facilities and to allocate the necessary funds for this purpose. The ministries' or departments' agreement, which is frequently secured with considerable difficulty, does not guarantee, however, what will subsequently be done by a ministry or department. As a result, the construction of facilities that are important to a city (or rayon), such as a water main, may be jeopardized, and it even becomes necessary to suspend construction projects that have been started, and the funds that have already been invested in them are frozen. The decree substantially simplifies this matter. Now the pooled funds that have been agreed upon are specified in five-year and annual plans of both ministries and local soviets and are not subject to additional coordination with successive annual plans.

The responsibility of republic and local soviet agencies for bringing secondary material resources more completely into economic circulation and utilizing them more efficiently is increased. To this end they, together with agencies of the USSR State Committee for Material and Technical Supply and other interested ministries and departments, are instructed to organize the inventorying of secondary raw materials; to set assignments for their collection and utilization by associations, enterprises and organizations, regardless of their departmental affiliation; to expand the network of centers for the collection of secondary raw materials; and to organize the sale to the population of used furniture, office equipment and supplies, nonreturnable containers, and building materials and other materials accumulated in the course of the razing, reconstruction and capital repair of buildings and installations. In order that the soviets may carry out the work assigned to them in this area, they are given the right to form, if economically

advisable, economically accountable associations for the comprehensive processing of secondary raw materials and manufacture from them of consumer goods and items used in production, as well as to create, on the basis of pooled contributions, organizations for the procurement and processing of such materials. The importance of the soviets' active involvement in resolving these questions is demonstrated by the example of Zavodskoy Rayon in Tbilisi, where an economic and commercial administration that was set up on an experimental basis managed to double procurements of secondary raw materials in a short time. That is understandable: The potential of all enterprises and organizations is much better seen at the local level, which makes it possible to set assignments for the procurement of secondary raw materials that are better substantiated than was possible with the traditional "apportionment" of figures handed down from above. In Zavodskoy Rayon only a shortage of processing facilities has held up a further growth in procurements of secondary raw materials. But now, as indicated, the soviets have been given the right to make their contribution to the development of such facilities.

It is established that associations, enterprises and organizations under union and republic administration are, prior to presenting draft annual and five-year plans to their superior agencies, to coordinate them on a mandatory basis with the appropriate Council of Ministers of the union republic (without division into oblasts), autonomous republic, or local soviet ispolkom with respect to the development of the social sphere; construction; the production of consumer goods; the provision of social, cultural, consumer and other services to the population; the utilization of labor resources, local types of raw materials and other materials, and secondary resources; environmental protection; and land use.

The institution of the coordination with soviets of the aforementioned indices should contribute to the more complete reflection in plans of assignments for the satisfaction of the social and everyday needs of labor collectives and the population, and to the provision, on this basis, of conditions for the highly productive and efficient work of a region's working people. This will help overcome the so-called residual principle in planning the development of the nonproduction sphere.

Changes have been made in the procedures for the preparation of comprehensive territorial plans: now they will be drawn up on the basis of draft plans presented to local planning committees by associations, enterprises and organizations, and on the basis of the coordination of part of these plans' indices, and the union-republic Councils of Ministers will work out draft comprehensive plans for their territories broken down by ministries and departments and present them to the USSR State Planning Committee and (for the development of branches) to the appropriate USSR ministries and departments. This means that the USSR State Planning Committee will receive for each branch not one, as previously, but two versions of a draft plan--one presented by the ministry and one presented by the union republics. The republic version will accumulate proposals for the branch's development that have been drawn up at the local level as a result of the working up of the draft plan in local party and soviet agencies that actively seek out untapped potential for growth that is not evident from the center and the identification of which is frequently impeded by a narrowly departmental approach on the part of ministries.

All this will mean a further development of the democratic nature of socialist planning, will draw the entire system of local planning agencies and labor collectives into active participation in the process of discussing plans, and will thereby mobilize the human factor in planning. As a result, the quality of plans will be improved; the consideration of territorial aspects and appraisal of the impact of the economic and production ties that are being formed within a territory will be enhanced; and plans will become more realistic, balanced and based on a universal search for untapped potential for improving economic performance.

In order to improve the consideration of labor resources in planning and enhance plan balance, provision is made for working out long-range territorial balance sheets of labor resources and, on their basis, guideline figures for the distribution of the prospective number of personnel among the branches. Branch agencies will have guidance as to the number of personnel on which they can count in drawing up long-range plans. As a part of plans, composite balance sheets of jobs (taking into account their certification and rationalization) and labor resources, broken down by territory, should be drawn up.

It is fundamentally important that, in accordance with the decree, the union-republic Councils of Ministers will independently allocate among the branches of the republic economy the capital investments, construction and installation work, and material and technical resources that are centrally allocated to them, something which is currently done directly by departments of the USSR State Planning Committee. In addition, it is recommended that the union-republic Councils of Ministers introduce an analogous procedure for the allocation of capital investments and material and technical resources throughout the economies of the autonomous-republic Councils of Ministers and kray (or oblast) soviet ispolkoms. In this way the republic and local soviet agencies, having a good knowledge of local conditions and requirements, will gain the ability to allocate funds and material resources on a priority basis to those sectors and areas where they are most needed and can be used with the greatest results. Only at the local level is it apparent what is needed more at a given time--a school, a hospital, the development of municipal services, or roads. Naturally, independence places on republic and local soviet agencies the full responsibility for the proportional and efficient development of the economies under their jurisdiction.

The experiment that is slated to be carried out in Vladimir and Kuybyshev oblasts of the RSFSR and in the Estonian SSR is supposed to test the advisability of giving the soviets full responsibility for the development of the nonproduction sphere on their territories. What is intended is to introduce on the aforementioned territories procedures for planning and financing housing, municipal-service, cultural and consumer-service construction whereby all centrally allocated capital investments and contract work for construction will be planned only for the aforementioned oblast soviet ispolkoms and the Estonian SSR Council of Ministers. The local soviets themselves will determine the area in which these funds are to be used and the necessary ratios between various types of nonproduction construction in order to prevent disproportions within the nonproduction sphere, which frequently



arise in practice when funds for the aforementioned purposes are allocated through departmental channels that are unrelated to one another, as a result of which various elements of a city (or rayon) economy develop unevenly (municipal-services construction frequently lags behind housing construction; while schools may be adequate, there may be an acute shortage of preschool institutions, etc.). Moreover, the differences that arise under such procedures in the availability of housing and the level of development of municipal and other types of services in various cities and rayons are not always justified. Of course, the provision of funds for nonproduction construction to the ministries and departments also has certain advantages: having them at its disposal, a ministry may move in a timely fashion to support the production tasks it has set for an enterprise in its branch with aid in resolving social questions. One way of improving planning of the social sphere is also to be worked out in the process of the experiment.

In the interests of the coordinated development of the production and nonproduction spheres and improvement of the balance of capital-construction plans, the possibilities for the soviets to influence both the formation of these plans and preplanning groundwork been expanded.

In addition to the coordination with local agencies of construction projects' itemized lists, a procedure is being introduced for coordinating questions of land use; the creation of new jobs and the filling of them; the determination of requirements for transportation and the construction of housing, municipal-service, social, consumer-service and pollution-abatement facilities; volumes of consumer-goods production; and the processing of secondary raw material at an earlier stage in the investment process--the stage of technical and economic feasibility studies and estimates for the construction of enterprises and facilities.

The preparation and approval, with the agreement of the USSR ministries and departments carrying out the construction and installation work, of composite plans for the commissioning of nonproduction facilities within the republics' territories are being turned over to the union-republic Councils of Ministers. Previously this was done by the USSR State Planning Committee, which drew together in the center extensive estimate documentation from all ends of the country and, in many cases, even went so far as to get into questions of whether individual apartment buildings would be included in construction organizations' plans.

The estimated cost of facilities--movie theaters, sports facilities, houses of culture, clubs, sanatoriums, houses of rest, vacation hotels and administrative buildings--for which the union-republic Councils of Ministers will approve itemized lists of new construction has been raised, which will also relieve the USSR State Planning Committee of a significant part of this work.

It is known that an extremely urgent question for local soviets is the "material embodiment" of their initiatives and budget and other monies in the construction of specific local facilities and the provision of material resources for this construction. The resolution of this question will be furthered by the following measures, which are called for in the decree: In

the first place, the allocation by the USSR ministries and departments and the union-republic Councils of Ministers of 0.5 percent of total capital investments for the development of the production of local building materials over and above the funds provided in plans for this purpose has been turned into a permanent norm. Previously the USSR Council of Ministers would give special permission for such a reallocation along with annual plans. To all intents and purposes, however, the allocation of funds for these purposes depended on the discretion of the ministries and departments. In the second place, it has been established that the output of enterprises in the building-materials industry that have been built at the initiative of local soviet ispolkoms using funds secured by them is to remain fully at their disposal.

A special section of the decree is devoted to expanding the rights and raising the responsibility of the soviets in managing and planning the activities of branches directly connected with satisfaction of the population's needs. In addition to the aforementioned directive concerning the granting to republic and local soviet agencies of the right to set assignments for the additional production of consumer goods that are in demand and to leave them at their own disposal, to form interrepublic and interoblast coordination councils for the development and siting of the production of consumer goods that are not centrally planned, and to set plans for the sale of paid consumer services for associations, enterprises and organizations located within the territory of a given soviet, the section contains a number of other regulations pertaining to development of the production of consumer goods and of the consumer-services sphere.

Republic and local soviet and economic-management agencies will more purposefully concern themselves with organizing and improving the supply of foodstuffs to the population on the basis of the maximum use of local resources and potential. They are ordered to provide appropriate measures as a part of plans, taking into account established commitments for deliveries of foodstuffs to all-union and republic stocks. Obviously, the development of such measures will require the making of balance estimates for the production and consumption of the types of foodstuffs within the territories of the corresponding soviets.

The role of republic and local soviet agencies in implementation of the Comprehensive Program for Development of the Production of Consumer Goods and the Services Sphere in 1996-2000 will be enhanced. They have been instructed to provide for a constant growth in the production of high-quality consumer goods, the accelerated development of the services sphere, and the achievement of a balance between the volume of goods produced and services rendered and the monetary income of the population; to see to it that all associations, enterprises and organizations are enlisted in the production of consumer goods and the provision of consumer services; and to step up control over the quality of consumer goods.

The decree notes the need to enhance the role of republic and local agencies in the management of environmental-protection activities. To this end it is deemed advisable to concentrate the direction of environmental-protection activity within the union republics in a single management agency and to establish in them, taking local conditions into account, state committees for

the protection of the environment and regulation of environmental use, as well as agencies of these committees at the local level. A start has been made on introducing economic methods of managing environmental-protection activities. It is established that in the event of environmental pollution, associations, enterprises and organizations, regardless of their departmental affiliation, are required to make restitution for the damage caused, and the money recovered from them is to be allocated to republic and local budgets for carrying out environmental-protection measures.

The CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the USSR Council of Ministers have deemed it necessary to carry out additional measures during the 12th Five-Year Plan for enhancing the interest of the local soviets in improvement of the work of all the associations, enterprises and organizations located on their territories. Accordingly, the USSR Ministry of Finance and the union-republic Councils of Ministers, together with the appropriate ministries and departments, have been instructed to make the revenue part of local budgets more dependent on the results of the economic performance of the enterprises under union and republic administration that are located on their territories. In particular, in 1988-1989 it is planned to introduce procedures that have been under development in an experiment since 1985 for the transfer by industrial associations, enterprises and organizations under union administration of part of their profits to local budgets; to expand the practice of transferring to them part of the payments from the profits of associations, enterprises and organizations under republic administration; and to introduce, starting in 1988, deductions from the turnover tax into local budgets in fixed amounts (percentages) of the volume of retail trade turnover.

It is planned to put into effect economic methods for ensuring in regions the necessary proportionality in the development of production and the nonproduction sphere and for encouraging the rational use of labor resources; it is deemed advisable to work out these methods in 1987-1988 as an experiment in certain cities in the RSFSR and in cities and rayons of the Latvian SSR. Associations, enterprises and organizations located on the territory of a local soviet, regardless of their departmental affiliation, will pay funds into the local budget for the development of branches of the city (or rayon) economy connected with consumer services. The magnitude of these payments will be determined by specially calculated normative rates based on the number of employees of an association, enterprise or organization, or the increase in the number of jobs in them. Relations between the associations, enterprises and organizations operating in a region and the local soviets in the area of development of the nonproduction sphere will thereby be placed on a firm normative basis, and the amount of money allocated by enterprises for the needs of the city (or rayon) economy will depend not on how successfully the requests of local bodies of government are granted, and not on the "generosity" of the ministries to which the enterprises located in a region are subordinate, but on precise normative rates that are known beforehand. Thereby both the enterprises and the local bodies of government will be able to have complete clarity in this regard when drawing up their plans. The institution of such a procedure will economically prompt the enterprises to get by with the smallest number of employees and jobs.



The successful accomplishment of the diverse tasks entrusted to the soviets will be fostered by the further development of democratic principles in their work as envisaged by the decree. The task lies in the steady deepening of socialist self-government by the people and in launching widespread mass political and organizational work to utilize all untapped potential for accelerating the development of the economy and social sphere, improving the style and methods of the work of the soviets and their executive and administrative agencies, and expanding openness in their work.

The new complex tasks of republic and local bodies of government are supported by new possibilities in the area of improving the structure of their apparatus and reinforcing it with qualified personnel. The autonomous-republic Councils of Ministers and the local soviet ispolkoms have been granted the right, within the limits of the established wage fund and in accordance with the salary scale, to independently determine and approve the structure and staffs of their apparatus, administrations and departments. Authorization has been given to grant increments in salaries for highly qualified employees. Within the apparatus of the autonomous-republic Councils of Ministers and kray, okruga, rayon and city soviet ispolkoms, it has been authorized to create structural subdivisions for comprehensive economic and social development in cases where it is advisable.

Expansion of the soviets' independence and responsibility opens up a broad expanse for their manifestation of initiative and for raising the soviets' work in the guidance of economic and social development within their territories to a qualitatively new level. The exceptional importance of the soviets' active participation in accomplishing this nationwide task of accelerating social development requires both the soviets themselves and all other organizations to do everything possible for the successful implementation of the decree of the CPSU Central Committee, Presidium of the USSR Supreme Soviet and USSR Council of Ministers.

Proceeding from the requirements of the CPSU Central Committee's June (1986) Plenum, the USSR State Planning Committee and other central economic departments must do extensive work connected with the creation of all the necessary conditions--economic, legal and organizational--for the soviets' successful exercise of their powers and the comprehensive disclosure of their capabilities in accomplishing the main tasks of the present stage of Soviet society's development.

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## LIVESTOCK AND FEED PROCUREMENT

### COMPUTER USE IN SELECTIVE BREEDING EXPLAINED

#### Application in Estonia

Minsk SELSKAYA GAZETA in Russian 9 Oct 86 p 2

[Article by E. K. Valdman: "Sources of More Milk"]

[Text] On 9 through 11 September an All-Union Conference was held at the Selective Breeding Center of the BelNIIZh [Belorusskiy nauchno-issledovatel'skiy institut zhivotnovodstva -- Belorussian Scientific Research Institute of Cattle Breeding], in which ways of increasing the efficiency of selective breeding centers in the country were discussed. Much interest was generated by a speech delivered by E. K. Valdman, director of the Estonian Scientific Research Institute of Cattle Breeding and Veterinary Science and academician in the VASKhNIL [Vsesoyuznaya akademiya selskokhozyastvennykh nauk imeni V. I. Lenina -- All-Union Academy of Agricultural Science im. V. I. Lenin]. Our reporter requested him to supply information to SELSKAYA GAZETA. The following is the article he provided for our readers.

Dairy cattle breeding in Estonia has been under development for many years with a view toward increasing the yield. Let me cite some statistics to illustrate my point. Last year, for example, our farms produced 963 quintals of milk per 100 hectares of agricultural lands. The average milk yield per cow in all categories of farms was 4,047 kilograms; fat content, 3.78 per cent; and labor expended to produce one quintal of milk, 3.2 man-hours. Top grade milk comprised 95.4 per cent of total production. Profit from milk produced by the farms amounted to 38.3 per cent.

To fulfill the task for gross milk production in the present five-year plan, the yield per cow should total at least 4,300 kilograms.

The above task cannot be accomplished without additional strengthening of the ties between science and practice and accelerating scientific and technical progress in animal husbandry. The collective in our institute is working to further this particular aim.

Experiments and verification of recommendations are primarily carried out on

9 experimental farms of the institute, the total land resources of which amount to about 60,000 hectares, with half of them agricultural in nature. There are 22,000 head of cattle being reared here, including 7,500 cows. Last year the average milk yield per cow was 4,439 kilograms, with a fat content of 3.87 per cent, while for the best farms this figure was 5,700 to 6,000 kilograms.

Only pedigreed cattle are being reared in Estonia; 56 per cent are of the Red Estonian breed and 44 per cent of the Multicolored and Black breed. As a result of long-term breeding, both breeds have developed under the influence of local natural and agricultural conditions and provide relatively large milk yield and sufficiently good qualities relative to fat and meat.

At the basis of selective cattle breeding is accurate record-keeping of breeding work and systematic monitoring of productivity. Last year we celebrated the 100th anniversary of the Breeding Book. Cow productivity monitoring was initiated as early as 1909. Since the 1960s it has been carried out on all farms of the republic.

Standard control of productivity is the basis of cow selection. The institute is determining in a centralized manner the fat and albumin content in monthly individual samples taken from cows on all 300 republic farms (amounting to more than 4 million analyses per year). Reliability of animal line of descent data is monitored in the Immunogenetics Laboratory.

A standardized computerized record-keeping system has been developed to keep track of the entire population and age groups of pedigreed cattle from the time the animals are born until they are removed from the herd. The data collected are used to appraise the entire cattle population and compile monthly and yearly consolidated reports. Analyses are carried out with respect to individual herd and farm type, region, breed and republic in general. Data characterizing the productivity and pedigree value of the individual cow are stored in the computer memory.

Cattle breeds have been improved and their genetic potential enhanced by universal use of artificial insemination.

The chief method followed to improve the Estonian cattle breeds is still pure breeding, with cattle belonging to related breeds. This practice prevents excessive kinship in the relatively low number of local herds and provides faster results in improving their genetic potential.

The Multicolored and Black Estonian breed is improved primarily by using the Holstein-Friesian breed. In the case of the Red Estonian breed, the Danish Red breed is employed. Also applied is a single initial crossbreeding of animals using the Swiss and American Multicolored Red Holstein-Friesian breeds.

Genetic progress in dairy cattle breeding is being accelerated by carrying out research in embryo transplanting. The first calf produced in this manner was born on 17 June 1984. To date this technique has produced 45 calves on 17 republic farms, with the line of descent of the calves confirmed

immunogenetically. There are 169 pregnant recipients. This year we expect to produce another 140 calves. Our aim is to set up a system capable of servicing the entire republic and all farms with this progressive biotechnological method of animal breeding. The institute is ready to introduce the embryo transplant method into practice. In this five-year plan it is planned to perform 2,400 embryo transplants to produce at least 960 calves.

Close cooperation between science and industry in the area of breeding has promoted continual improvement in genetic potential of republic cattle breeds. Based on data from appraisals and productivity monitoring, cow pedigree value in Estonia in the last 10 years can be described by means of the following statistics. Average productivity of cows on all farms increased by 433 kilograms; fat content in milk rose from 3.80 per cent to 4.03 per cent; purebred cattle attained 91.8 per cent; the record-breaking seed stock and seed stock class increased to 69.5 per cent.

New record-breaking cows have been produced. At the Vyandra Experimental Station of the institute the cow Kolli 1265 produced in 305 days of the fourth lactation 13,927 kilograms of milk with fat content of 4.47 per cent (623 kilograms of butterfat); a Nelta cow produced in the third lactation 14,304 kilograms at 4.14 per cent fat content (592 kilograms of butterfat).

The change in animal husbandry to an industrial basis made it necessary to resolve organizational and technological problems encountered in dairy cattle breeding in a more general manner. Working in collaboration with other republic design organizations, the institute SKB [Spetsialnoye konstruktorskoye byuro -- Special design office] designed the first so-called "large" version of barn. It was erected in 1965 at the Tartu OPS [Opytno-promyshlennaya stantsiya -- Experimental Industrial Station]. The "Rakhinge", the first industrial dairy farm in the republic, was organized. It is designed for a herd of 1,300. The experience acquired was used as the basis for developing a standard design solution for a 460-cow dairy complex, in which a milk line is employed and mobile machinery carries out feed distribution, manure removal and litter spreading. This farm produces one quintal of milk for every 2.0 to 2.5 man-hours. It is characterized by a fairly high degree of mechanization, technological simplicity, and a small amount of equipment of relatively high reliability. This kind of technology and farm type are being applied successfully to farms which use multi-component feed and are having difficulty finding highly-qualified workers. At the present time, out of 285 dairy complexes, half employ this technology.

In the 1970s, when milking stands first appeared in the republic, a suitable method of cow maintenance and technology were developed. The stand method of cow milking requires only half the number of milkers compared to the milk line technique. Research and experimentation made it clear that local conditions were such that the dairy herd could be maintained better in so-called "combi-boxes". Feed supply, manure removal and litter spreading are also accomplished by mobile machinery. Manure can be removed by fairly reliable stationary devices, which include the US-15 delta scraper and the UTM-10 piston pump (which offer certain advantages over mobile machinery). However, it should be kept in mind that the employment, maintenance and repair of stationary units



are more labor-intensive in that they require timely upkeep in addition to the services of better-qualified personnel.

In summary, a farm type consisting of three barns has been developed. Two of them, designed to maintain milk cows, are provided with an attached milking parlor and auxiliary facilities. Housed in the third barn are dry cows and pregnant heifers, calving facilities and isolation compartments for calves. Animal maintenance on the farm is mechanized.

The size of the farm can be tailored to the needs. In the republic there is a preponderance of farms where 300 to 400 cows are housed in a barn. There are a total of 600 to 800 cows on the farm.

Since half of the milk herd is still housed in obsolescent barns, a major effort is under way to modernize and rebuild the latter. Agricultural scientists and workers of Estonia are doing their utmost to accelerate scientific and technical progress in animal husbandry and carry out assigned tasks of increasing the product output in this area.

#### System Potential

Moscow PRAVDA in Russian 30 Sep 86 p 2

[Article by I. Zudov, Candidate of Physical and Mathematical Sciences: "The Computer on the Farm"]

[Text] Can the computer be used to produce more milk and meat? Although we have become accustomed to hearing of many miracles performed by the electronic computer, it still seems strange to ask this question. Doctor of Agricultural Sciences A. Tsalitis, Director of the Analytical Station for Livestock Breeding, Latvian Scientific Research Institute of Cattle Breeding and Veterinary Science, insists that the answer is "yes"!

The above is possible, assuming suitable cattle feeding and maintenance. In Latvia, incidentally, the actual milk yield on many farms is not much more than 2,000 kilograms.

Bold future estimates are based on the results of 15-year operation of the SELEKS, an automated system. This name is made up of the words "Selection", "Economy", and "System". After the system was put into full-scale operation on the experimental science farm "Krimulda", the total milk yield per cow increased by 553 kilograms.

Most of the increase is attributable to the primary component of the SELEKS. Modern selective breeding is unthinkable without mathematics. Charts compiled by means of the SELEKS in 3 minutes make it possible to plot 25 generations of the line of descent of a cow or bull. There can be no doubt about the possibilities this opens for selective breeding!

Breeders spend about 50 per cent of their working time on paper work. For example, insemination of a cow entails making entries in 10 to 15 forms and record books of various specialists. There is much confusion and error in the process. SELEKS makes it possible to record the data in only 3 basic documents. All the data are collected once a month and sent for processing to the rayon machine calculating station of the Statistical Administration.

The computer prepares, on the basis of algorithms developed by scientists, orders for livestock work for use by mid-level specialists. In the event there are variations from the norm relative to milk yield or animal weight gain, the machine alerts the proper specialists to the need for immediate remedial action. It will also correct a breeder who has made an error in his animal maintenance and rearing procedure.

The computer also generates consolidated reports on herd productivity and reproduction, pointing out results obtained by a group of milkers, farm, organization or rayon in general. Of importance is the fact that the reports are compiled and routed from top to bottom instead of the usual way, from bottom to top. This describes the actual situation, assisting higher organizations to respond to a particular situation in a timely and proper manner. In addition, the machine is capable of compiling well-founded forecasts of milk yields and calf production.

When the equipment is in full operation, data processing expenses amount to 10 kopecks per cow per month. The savings resulting from use of the SELEKS system in dairy cattle breeding alone amount to 15 rubles per cow per year, according to the most modest estimates.

As long ago as April 1979 the former USSR agriculture minister stated that "the SELEKS system, in contradistinction to other systems, provides highly reliable and polished data for use in selective breeding, reproduction and employment of agricultural animals and also in veterinary science. The SELEKS system, along with other procedures, reduces by 40 to 60 per cent the labor expenditures of specialists in maintaining livestock and breeding reports and data processing and makes it possible to be more responsive in managing dairy cattle."

The high rating given the system has raised hopes for its rapid application on a country-wide basis, especially since the first paragraph of the order cited made it incumbent upon all republic ministries to become operationally involved with the SELEKS. Another encouraging aspect is the fact that no capital investments are required -- simply organizational measures. This is because the SELEKS utilizes the existing computer network of rayon stations under the USSR Central Statistical Administration.

What is impeding the progress of such an important matter? Lack of the necessary interest on the part of many managers in becoming organized. Yes, it is precisely this characteristic of the SELEKS -- that of organizing the reporting and furnishing an objective evaluation of the contribution made by each worker, farm, organization and rayon -- which, sadly to say, is a stumbling block for the system.



If you have a requirement for raising the productivity of animals, for example, but have not carried out proper planning for feeding, the SELEKS will correct you and will not let you list "inflated" figures. On the other hand, if there is adequate feed, the computer gives precise data on the productivity to be expected. If you have not provided for feed, you must know that this is clearly a case of poor management. Needless to say, negligent workers will not find this system to their liking.

Also pleasing is the voluntary introduction of SELEKS elements into many kolkhozes and sovkhoses of our country. Persons are being sent to Sigulda to visit the Analytical Station for Livestock Breeding; we receive letters requesting that we furnish programs and people who could provide technical assistance. Help is being given. Not only in the form of programs and people. The visitors are being housed and fed, etc., even though this is not required by any plans. Everything is being done that should be done, since it is understood that this cooperation promotes the popularity of the SELEKS.

The automated system promises to uncover great reserves, and not only in dairy cattle breeding. Programs already exist to introduce similar systems into swine breeding and veterinary care. The authors are thinking about expanding the system to include feed production and other branches of agriculture.

The time has finally come to take the necessary organizational steps to effect universal implementation of the SELEKS system.

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## TILLING, CROPPING TECHNOLOGY

### GRAIN DELIVERY LAG IN NORTH CAUCASUS, CENTRAL CHERNOZEM AREA

Krasnodar SELSKIYE ZORI in Russian No 4, Apr 86 pp 1-2

[Unattributed article: "In Full Measure"]

[Excerpts] The drastic change experienced by rural areas today, after the 27th CPSU Congress, finds its expression in the restructuring of management at all the links of the agro-industrial complex, in the improvement in the economic mechanism of management, in the new equipment arriving at kolkhoz and sovkhos fields, and in the ever broader application of intensive technologies. To whatever kray, oblast, or autonomous republic of our zones we refer, everywhere an attempt is made to attach priority importance to intensive agrotechnology, which guarantees the greatest return on arable land and high, stable grain yields. From small experimental plots, which at first were occupied by intensive crops, last year many farms and rayons changed over to the cultivation of grain crops according to advanced technologies on areas exceeding experimental fields 2- or 3- and sometimes even 10-fold. For example, in the Kuban such crops were expanded to 467,000 hectares, in the Stavropol area, to 600,000 hectares and more, in Lipetsk Oblast, to 130,000 hectares, and in Tambov Oblast, to more than 200,000 hectares. On the whole, in the North Caucasus and the central chernozem area intensive methods were applied on almost 2.3 million hectares. During the first year of the 12th Five-Year Plan the mass growing of grain crops according to new methods is carried out on almost 5 million hectares.

The potentials of intensive crops were clearly manifested where it was possible to creatively, sensibly, and carefully utilize all the harvest determining factors and all the agricultural engineering methods working for the specified increase in output. We have in mind primarily the placement of crops on the best predecessors in the crop rotation system, cultivation of high-yielding intensive-type varieties, high provision with mineral nutrition elements, split application of nitrogenous fertilizers during the vegetative period on the "demand" of the plants, integrated system of protection against weeds, pests, and diseases, moisture accumulation, and strict observance of technological discipline in every field all the year round.

In fact, farms have adjusted the entire farming system and its ability to maintain high harvests and to support soil fertility to the new technology. On these farms during an extreme year one will not hear references to bad

weather, because every worker knows: New times require new methods of work on land and under complicated conditions initiative, persistence, and search should be more manifested in all the directions in the fight for the harvest. In other words, such farms prepare themselves in advance for the forthcoming deviations in the weather situation, take into account the characteristics of a specific time of the year, and overcome difficulties at the smallest costs.

Unfortunately, many kolkhozes and sovkhoses do not yet manifest such readiness, energy, and resistance to bad weather. Worst of all, here and there farmers are poorly acquainted with the fine points of intensive technology, have a formal attitude toward the requirements dictated by it, and very often violate technological parameters. Formalism makes itself felt primarily during the determination of intensive areas. No one says: They must be expanded. However, when behind hectares one sees primarily stocks of fertilizers, chemicals, and equipment allocated for fields with intensive technology, only one-half of which is used, not efforts connected with an increase in the stability of grain farming, one cannot count on success. Later such managers and specialists find all possible explanations for the failures and are far from an objective evaluation, which would give an accurate answer to the question as to why it has not been possible to ensure the forecast harvest.

Owing to these and other reasons, both our zones are far from the envisaged goal. On kolkhozes and sovkhoses in the central chernozem area the output of grain from fields, where intensive technology was applied, exceeded the yield of ordinary crops by only a little more than 7 quintals. The fallow field of Kursk Oblast, in which winter wheat was placed, produced only 25.7 quintals of grain per hectare and in the Voronezh area, 23.6 quintals. On Voronezh farms this field was cut down to the minimum: Last year about 300,000 hectares were left to fallow and in the spring 120,000 of them were occupied by corn. The increase in the harvest from the grain field, where grain was grown according to new methods, in Rostov Oblast and Stavropol Kray was one-half or one-third of the planned increase.

On many farms the shortage of output is so great that no recovery of expenditures can be even mentioned. In Kantemirovskiy Rayon, Voronezh Oblast, intensive crops were comparable in their yield with ordinary crops, in Rossoshanskiy Rayon they added only 3 to 5 quintals of grain per hectare, and in Gribovskiy Rayon they did not produce even what had been obtained according to traditional technology during previous years. In Krasnosulinskiy Rayon, Rostov Oblast, the entire complex of advanced agrotechnology was carried out on 2,000 hectares and, on the average, 41 quintals were gathered, but in Semikarakorskiy Rayon, only 17 quintals. An exacting analysis of the components of the low yield gave an explanation for this. Inability, ignorance, and irresponsibility—RAPO drew such conclusions when it summed up the work in the sector, seeing behind this a failure to meet the dates for the placement of seeds in soil, deviation from the norms and dates of fertilizer application, and disregard for the "diagnosis" of every field.

For the sake of objectivity it should be admitted that concern for the grain field was not rewarded everywhere owing to many organizational and technical miscalculations. In certain places in the fall there was a shortage of

mineral fertilizers for basic field cultivation, foliar dressing of crops could not be carried out at the proper time for the same reason, current inspections and the evaluation of the phytosanitary state of fields were not coordinated with calendar and phenological dates, some agronomists were unable to understand the abundance of recommendations on the application of herbicides and other chemical plant protection agents, and reequipped sprayers did not ensure a high productivity.

Intensive technology guarantees as its direct function high harvests, as well as a high quality, of grain. During the first year of its introduction the intensified variant of agrotechnology ensured the production of almost 50,000 tons of valuable wheat for Tambov grain growers. At that time the economic effect amounted to 40 million rubles. A total of 45,000 tons of valuable grain--more than twice as much as planned--were procured in Lipetsk Oblast last year. In 1985 Don's farmers for the first time sent 219,000 tons of strong wheat to state bins. With regard to farms and rayons their number, which ensured the procurement of strong and valuable grain, tripled in every oblast and in both krays during those 2 years.

Since areas under winter crops cultivated according to intensive technology have expanded significantly everywhere, managers and specialists of kolkhozes, sovkhoses, and agro-industrial associations will have to continue the work in labor collectives on mobilizing them for the attainment of the outlined plans, keeping in mind that growing grain crops according to new methods becomes the basic direction in the increase in the stability and rise in the production of high-quality grain.

The political report of the CPSU Central Committee to the 27th Congress stressed that "the party and the state will continue to systematically develop the material and technical base of the agro-industrial complex. However, it is just as clear that man was, is, and will remain the main mover of progress and its soul." In other words, every farmer should more acutely feel his involvement in the realization of the Food Program and do his utmost to obtain the programmed harvest and to fully recover the expenditures on intensification with products and every farm should fulfill state grain procurement plans.

It should be remembered that former miscalculations and errors and work according to old methods cost the state a great deal. Both our zones are greatly indebted to the state with respect to grain deliveries. During the past 5-year period Kuban failed to deliver 2.2 million tons of grain, Belgorod Oblast, 1.8 million, Kursk Oblast, 1.9 million, Lipetsk Oblast, more than 1.6 million, and Tambov Oblast, more than 2.5 million. Don's farmers were unable to utilize intensive factors, lowered average annual grain output, and did not cope with purchase plans. In the Stavropol area during the 11th Five-Year Plan annual grain production, on the average, increased by only 4 percent, the yield of grain crops rose by only 1.5 quintals, and more than one-half of the rayons--they represent 186 farms--did not fulfill grain purchase plans. These bitter facts do not give the right to complacency and placidity, especially when it is a matter of such a new endeavor as the introduction of intensive technologies of grain crop cultivation intended to improve the grain balance as early as the first year of the 12th Five-Year Plan.



Scientific research institutions should have their say about restructuring in the grain field. As before, field workers expect from them developments in new equipment and more specific recommendations for the application of fertilizers, protection of plants against pests and diseases, and use of chemical and biological preparations corresponding to local conditions and of new intensive varieties. We cannot accept the fact that many institutes reduce developments to partial improvements in technologies and machines, prefer to revise recommendations, not changing their essence, and do not seek innovations and effectiveness. Scientists' prompt and substantial contribution is especially needed during the introduction of soil cultivation and crop protection systems and compensation for the humus and nutrient balance.

Spring announced itself everywhere a long time ago. It is the spring of the new five-year plan, the spring of acceleration. Both now and in the very near future our farmers will have to do everything possible so that in every intensive field a full cycle of technological operations is carried out in a quality manner and at the proper time and a high harvest is guaranteed. This will be the practical response to the decisions of the 27th CPSU Congress and the contribution to the realization of the Food Program.

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## TILLING, CROPPING TECHNOLOGY

### HARVEST PROGRESS IN NORTH CAUCASUS, CENTRAL CHERNOZEM AREA

Krasnodar SELSKIYE ZORI in Russian No 8, Aug 86 pp 1-2

[Unattributed article: "To Harvest Every Ear"]

[Excerpts] Grain always demands from the farmer unceasing concern from the time of sowing until the harvesting itself, selfless stepped-up labor, the ability to resist any vicissitudes in the weather, and conscious active responsibility. The present harvest did not come easily to our zones--Russia's and the country's most important granaries. The winter was cold and snowless. In the spring there was prolonged cold weather followed by incredibly hot weather. Nor was the weather a cause of joy during subsequent months. In many places the shortage of precipitation led to a critical soil situation. Under these complex conditions, while mastering intensive technology on large areas, it was necessary to apply a great deal of energy, quick-wittedness, and skill in order to increase the contribution to the country's grain resources and to the implementation of the Food Program.

Day after day state bins are being filled with choice grain both in the North Caucasus and the central chernozem area. Workers at the agro-industrial complex, organizing an efficient operation of all the links of the harvesting conveyer, are fully resolved to honorably fulfill their first commandment and to successfully cope with the plans and socialist obligations of the first year of the five-year plan.

Kuban farmers set for themselves the goal of obtaining 8.5 million tons of grain and giving 4.1 million tons to the homeland. As early as the end of July they delivered more than 3 million tons of grain, primarily wheat, 95 percent of which was strong and valuable, to elevators. According to preliminary data, the yield of cereal and pulse crops approached 42 quintals. Many collectives grew excellent harvests.

On the basis of the high standard of farming and intensive technology, according to which winter crops were essentially cultivated, for the first time Novokubanskiy Rayon obtained 50.4 quintals of barley and 44.7 quintals of wheat per hectare. Having placed 153,000 tons of cereal crop grain, including more than 130,000 tons of strong wheat, in state storage facilities, the people of Novokubanskiy Rayon successfully coped with the plan and obligations for grain purchases. Farmers at the Kuban Agro-Industrial Combine, which,



along with other enterprises, includes kolkhozes and sovkhoses in Timashevskiy Rayon, also firmly adopted intensive technology. All cereal crops were essentially grown by the advanced method in their fields and their yield exceeded 50 quintals. In the kray's other rayons intensive crops, which occupied almost 1.3 million hectares, ensured both a high quality of grain and a substantial increase in the yield. It is expected that, owing to the innovation, about 1.5 million tons of grain will be obtained additionally.

During this harvesting campaign farmers in Stavropol Kray worked by the Ipatovo method for the tenth season, uniting 13,000 combines and 7,500 harvesters into 807 harvesting-transport complexes, and coped with mowing and threshing in the grain field in a short time. Having procured more than 1.92 million tons of primarily strong and valuable wheat grain, they honorably fulfilled their socialist obligations and embarked on an above-plan grain delivery. Farms in Budennovskiy Rayon were the first to begin it. As a supplement to 125,000 tons they decided to deliver another 25,000. Following them initiators of the kray competition in the harvesting campaign--farmers in Georgiyevskiy Rayon--exceeded the plans and obligations. With a yield of 30 quintals they sold 96,000 tons of grain. Workers at the agro-industrial association in Sovetskiy Rayon sent more than 100,000 tons of barley and wheat to grain receiving centers. The contribution of farmers in Ipatovskiy Rayon was especially substantial. The country received more than 150,000 tons of strong and valuable grain from them. Farms in Kirovskiy Rayon grew the highest harvest--37.7 quintals. They delivered more than 65,000 tons of grain to the state. Intensive crops placed on 900,000 hectares ensured such a stability of the grain field everywhere in the Stavropol area.

The Don's grain growers had a underwent a difficult examination during the days of the harvesting campaign. Striving to harvest every ear, many collectives of harvesting-transport complexes worked in a highly productive manner according to a 24-hour schedule. About 1.5 million tons of grain were delivered to elevators there by the end of July. Intensive crops, whose areas expanded almost threefold in the last 2 years--up to 1.16 million hectares--produced good yields. This made it possible to increase the production of strong and valuable wheat significantly. Farms in Salskiy, Zernogradskiy, Tselinskiy, and Azovskiy rayons delivered more high-quality grain than all others.

Despite the acutely dry summer, intensive technology again showed its convincing advantages in the grain fields of the Central Chernozem. In Kursk Oblast, farmers in Belovskiy Rayon, on the average, gathered 28 quintals of grain per hectare. Having completed the harvesting in 12 days, they were the first in the oblast to fulfill their first commandment. About 28,000 tons of grain, most of which was accepted as high-grade grain, were shipped to procurement centers. On a number of farms the content of gluten in wheat made up 28 to 30 percent. Harvesting-transport complexes in Ivnyanskiy Rayon sent 29,000 tons of grain to state storage facilities. They were the first in the Belgorod area to cope with socialist obligations for its purchases. Following them field crop growers in Alekseyevskiy Rayon, where intensive winter wheat crops produced an average of 30 quintals per hectare and more, as well as in Belgorodskiy, Yakovlevskiy, and Valuyskiy rayons, reported this. A 40-quintal

harvest was grown according to intensive technology on 6,000 hectares in Ramonskiy Rayon, Voronezh Oblast.

Owing to the application of intensive technology, farmers in Chechen Ingush, who completed the annual plan for the sale of grain to the state ahead of schedule, obtained good increases in harvests. A total of 34 quintals of wheat and 37 quintals of barley per hectare were gathered in Shalinskiy Rayon. In Achkhoy-Martanovskiy and Groznenskiy rayons the grain field produced more than 35 quintals per hectare.

In North Osetia the yield of the intensive hectare was heartening in Mozdokskiy Rayon--its main granary--where more than one-half of the wheat crops were cultivated according to new methods. For the first time its harvest reached 36 quintals throughout the rayon. Grain growers in Mozdokskiy Rayon were the first in the autonomous republic to complete the threshing of pulse and cereal crops on more than 30,000 hectares and embarked on the delivery of grain to the state in excess of the adopted increased socialist obligations. More than 30,000 tons of grain were shipped to elevators. Almost all wheat was accepted as strong and valuable.

Kolkhozes and sovkhoses in Babayurtovskiy, Kazbekovskiy, Kizlyarskiy, Novolakskiy, Gunibskiy, and Khasavyurtovskiy rayons in Dagestan increased their yields to 30 or 50 quintals per hectare. There is a high harvest on the Mayskiy Krasnaya Niva Kolkhoz, the Urvanskiy Kolkhoz imeni 23 Partsyezda, the Baksanskiy Kyzburun Kolkhoz, and other farms in Kabardino-Balkaria. Many collectives are engaged in an above-plan sale of grain.

During the present harvesting campaign special attention is paid to the quality of harvesting operations and to the elimination of any grain losses and the accountability for a wasteful attitude toward the harvest is stricter. Diligent managers carefully sealed combines, tightened the sides of motor vehicle and tractor trailer bodies, treating them with polyurethane foam, took care of covers for transport facilities, and did not forget about road repairs. On the eve of the departure to the field they checked the hermetic sealing and adjustment of harvesting units in operating condition.

In order to avoid losses resulting from leaving grain crops standing too long after ripening, thousands of harvesting-transport complexes worked according to tightened-up schedules, attaining a high average daily productivity of their machines. Many combine operators threshed 1,000 quintals of grain and more in 24 hours.

Control threshings became widespread in both zones. On Stavropol farms, especially carefully prepared combines with the inscription "allowed to carry out control threshings" on the hopper were the first to go out to tracts of land. As in other rayons, authoritative harvesting experts and the most skilled and experienced machine operators controlled these machines. Control threshings became obligatory guidelines for all combine operators. Each of them sought the correspondence of his indicators to the control result specified by the commission. The material incentive system in harvesting is also connected with this.

Quality coupons proved to be efficient measures in the fight against harvest losses. They were given to harvester and combine operators, drivers, and tractor operators engaged in carting out grain and harvesting straw. Everyone was financially interested in avoiding rejects in work, because for this he could be deprived of one or all coupons, which had a significant effect on his additional pay and payment in kind.

Unfortunately, the harvesting campaign was not devoid of outrageous facts of mismanagement. A considerable part of the harvest was lost on the Pamyati 26 Bakinskikh Komissarov Kolkhoz, the Kolkhoz imeni Lukashin, and the Put k Kommunizmu Kolkhoz in Myasnikovskiy Rayon, Rostov Oblast, on the Rossiya Kolkhoz in Podgorenskiy Rayon, Voronezh Oblast, on the Iruginskiy Sovkhoz in Dakhadayevskiy Rayon, Dagestan, on the Put k Kommunizmu Kolkhoz in Kanevskiy Rayon, Krasnodar Kray, and on other farms.

The fall sowing season is approaching. In both zones winter crops will have to be placed on millions of hectares and the productivity of our main grain will have to be increased considerably. The intensive wedge is growing significantly. On the basis of the experience that has already been accumulated it is necessary to do everything so that every hectare gives the greatest return and fully recovers the invested funds. Making the most careful preparations for the sowing campaign, it is very important to analyze the results of the fight for the grain of the first year of the five-year plan literally in every field, to thoroughly and critically examine the state of development of grain farming in every production subdivision, kolkhoz, sovkhoz, and rayon, and to develop a program for a significant increase in its stability and efficiency. This program should be implemented immediately.

Feed procurement requires no less concern than grain. Not losing a day, it is necessary to energetically carry out the green harvesting campaign, to store as much coarse and succulent feed as possible, to increase the rates of output of vitamin grass meal, and to utilize literally all sources for the replenishment of fodder reserves.

Corn, sunflower seed, rice, and sugar beet harvesting is ahead. The gathering of vegetables, potatoes, fruits, and grapes is expanding to an ever greater extent. It is necessary to see to it that every kilogram of the grown products is gathered and preserved.

Successfully harvesting all crops and laying a stable foundation for the future harvest are matters of honor for workers at the agro-industrial complex.

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## TILLING, CROPPING TECHNOLOGY

### IMPACT OF INTENSIVE TECHNOLOGY IN TAMBOV OBLAST

Krasnodar SELSKIYE ZORI in Russian No 10, Oct 86 pp 5-6

[Article by V. Nesterov, second secretary of the Tambov Oblast Party Committee: "At Every Stage": first seven paragraphs are source introduction]

[Text] The first results of the introduction of intensive technology in the Tambov area have disclosed problems typical for the Central Chernozem area:

--An intensive field is impossible without taking into account natural factors, without strict technological discipline, and without a proper material base;

--an in-depth reorientation of the psychology of farmers and specialists, constant training of personnel, and their knowledge of the fine points of technological methods are needed;

--the yield of intensive hectares is higher where they are attached to links and brigades operating according to collective contract principles.

\* The oblast's advanced farms--the Kolkhoz imeni Michurin and the Kolkhoz imeni 50-Letiya VLKSM in Sampurskiy Rayon, the Kolkhoz imeni Kalinin and the Pamyat Ilich Kolkhoz in Zherdevskiy Rayon, the Kolkhoz imeni Lenin and the Put k Kommunizmu Kolkhoz in Tambovskiy Rayon, and others--gathered from 40 to 52 quintals per hectare from areas occupied by winter wheat grown according to intensive technology.

\* In the entire oblast the intensive winter wedge gave 10.9 quintals of grain per hectare more than ordinary sown areas.

\* A total of 273,000 hectares of arable land were allocated for the 1987 harvest intended for intensive technology. No less than 45 quintals of winter crops are to be obtained from fallow fields and 35 to 40 quintals of winter crops and 25 quintals of peas, from occupied fallow.

Relying upon the growing material and technical base, agricultural workers in our oblast are persistently engaged in work on the introduction of scientifically substantiated farming systems, improving the structure of sown areas, introducing clean fallow, expanding areas sown with perennial grass,



and mastering scientifically substantiated crop rotations. The application of organic and mineral fertilizers has increased, the time of field operations has been shortened, and their quality has improved.

All this has led to a rise in the general standard of farming and field productivity. Many kolkhozes and sovkhoses have begun to grow quite good harvests of grain, industrial, and fodder crops under the most complex conditions.

Intensive and industrial technologies of cultivation of agricultural crops proved to be powerful means of increasing the stability of farming. This year winter wheat was cultivated according to intensive technology on 157,700 hectares. Its yield was 25.7 quintals of grain per hectare. This was 10.9 quintals more than what had been gathered from areas cultivated by the ordinary method. A total of 162,000 tons of wheat were obtained additionally from intensive fields. Where much attention was paid to winter wheat, where every hectare was taken care of and received the programmed amount of organic and mineral fertilizers, where volumes of work on topdressing and treating crops with herbicides and fungicides were fulfilled, where an integrated protection of plants against pests, diseases, and weeds was applied, and where schedules were adhered to, despite the acute drought, high harvests of high-quality grain were gathered everywhere. Kolkhozes and sovkhoses in Sampurskiy Rayon gathered 30.4 quintals of wheat per hectare from intensive fields and in Uvarovskiy, Rzhaksinskiy, Tambovskiy, and Zherdevskiy rayons, 28 to 29 quintals and farms of the Tambov City Executive Committee, 34.8 quintals. The Kolkhoz imeni Kalinin and the Pamyat Ilich Kolkhoz in Zherdevskiy Rayon, the Put k Kommunizmu Kolkhoz in Tambovskiy Rayon, the Kolkhoz imeni Michurin and the Kolkhoz imeni 50-Letiya VLKSM in Sampurskiy Rayon, and the Kolkhoz imeni Lenin of the Tambov City Executive Committee grew 40.1 to 52.5 quintals of wheat grain per hectare on sizable areas. On the Kolkhoz imeni Karl Marx in Rzhaksinskiy Rayon on 900 hectares the harvest was 36 quintals.

The quality of grain also improved. This year the oblast sold more than 100,000 tons of grain of strong and valuable varieties to the state, whereas during the past five-year plan such wheat was hardly procured.

What was done on farms to ensure a high yield of intensive fields?

Winter wheat was placed after clean fallow on 134,800 hectares and after fallow occupying crops (peas and annual grass), on 22,900 hectares, which was equal to 85 and 15 percent of its sown areas respectively. Almost all areas were sown from a technological track.

The oblast planning and surveying station of chemicalization of agriculture and the plant protection station jointly with specialists of rayon agro-industrial associations and farms made an agrochemical and phytosanitary field inspection and drew up agrochemical documents, on the basis of which about 40 tons of organic fertilizers per hectare of clean fallow and 212 kg of mineral fertilizers per hectare of sown areas, including 45 kg of nitrogenous fertilizers, 109 kg of phosphoric fertilizers, and 58 kg of potassic fertilizers, were applied for basic soil cultivation. An overall agrochemical

field cultivation was carried out on 70,000 hectares and acid soil liming, on 21,000 hectares.

Winter crops were sown from 27 August through 5 September with a simultaneous application of 20 kg of the active substance of starter phosphoric fertilizers to rows.

All areas sown according to intensive technology were occupied by seeds of Mironovskaya-808, Tambovitsa, and Zarya varieties. More than 6 percent of the areas were sown with elite seeds, and 86.3 percent, with seeds of the first and second reproduction. The sowing of first category seeds constituted 72 percent and of second category seeds, 28 percent. All seeds were treated. A total of 4 million of germinated seeds per hectare were sown on clean fallow and 5.5 million, on occupied fallow.

In the spring winter wheat was dressed with nitrogenous fertilizers in terms of 30 to 40 kg of the active substance per hectare. Dressing by the root method was carried out on 92,000 hectares. In order to determine the volumes of the second dressing, specialists of the oblast station for the chemicalization of agriculture, kolkhozes, and sovkhoses made a tissue plant diagnosis, according to the results of which crops on 80,900 hectares received nitrogenous fertilizers, including on 48,000 hectares, by the foliar method. According to the results of tissue plant diagnosis, at the phase of heading-beginning of grain swelling a third nitrogenous dressing on 42,000 hectares was needed to improve the quality of wheat.

Utilizing the experience of Lvov farmers, dispatcher control of winter wheat cultivation according to intensive technology was first introduced at kolkhozes, sovkhoses, RAPO, and the oblast agro-industrial committee. At the same time, purposeful training of farm managers, specialists, and machine operators was carried out. More than 9,000 managers and specialists studied methods of intensive technology at the oblast school of the agro-industrial committee at the base of advanced kolkhozes and sovkhoses last year. Another 6,617 people were trained during the winter period. All of them took examinations and received certificates. Seminars of chief agronomists and engineers of RAPO, kolkhozes, sovkhoses, and plant chemicalization and protection services were held in the spring and summer. Care of crops, foliar dressing, and treatment of crops with fungicides and retardants were their topics. Problems connected with soil preparation, mineral fertilizer application, and winter crop sowing according to intensive technology were studied at the oblast seminar in July of the current year. Similar seminars with managers and specialists of kolkhozes and sovkhoses, medium-link personnel, and machine operators were held in rayons.

The good dressing of soil with organic and mineral fertilizers and the organized care of plants created conditions for obtaining a high harvest.

However, the acute shortage of moisture in May and June had an unfavorable effect on the growth and development of winter wheat. For example, according to the data of the hydrometeorological station, in the oblast, on the average, 23 mm of precipitation (51 percent of the norm) fell during May, 33 mm (62 percent), in June, and 30 mm (50 percent), in July. There was even less

precipitation in central and south-eastern regions during that time: from 15 to 30 percent of the norm. The rain that fell in a number of regions was of a local nature and did not have a significant effect on the growth of the yield of winter crops. In the oblast during 2 months there were 15 to 20 days with a relative moisture of 30 percent and less and the average daily air temperature exceeded the norm by 4 to 9°.

During 17-18 June productive moisture reserves in the meter soil layer decreased to 47-61 mm under winter crops in Uvarovskiy, Zherdevskiy, and Michurinskiy rayons and to 36-69 mm under spring crops in Muchkapskiy, Umetskiy, Rasskazovskiy, Mordovskiy, Kirsanovskiy, and Zherdevskiy rayons. The lack of precipitation and the low relative humidity had a negative effect on the subsequent formation of the harvest. This is one of the reasons for the considerable grain deficiency.

At the same time, it should be admitted that it is not only a matter of the drought. In the oblast there are still farms, which do not pay sufficient attention to the introduction of intensive technology, break technological discipline, poorly take into account natural factors, and do not carefully utilize the potentials and capabilities inherent in the most advanced methods of winter wheat cultivation.

Party, Soviet, and agricultural bodies now take measures to eliminate the shortcomings existing in this matter.

Measures to improve the utilization of organic and lime materials and to build manure storage facilities and sites for the storage of organic fertilizers and the preparation of composts at livestock sections were developed for 1987-1990. A mass review was made and violations during the storage of mineral fertilizers, herbicides, and toxic chemicals were eliminated in August of the current year. The office of the oblast party committee examined the problem "On the Organizational Work of the Inzhavinskiy Rayon Party Committee on Increasing Land Fertility and Improving the Utilization of Organic and Mineral Fertilizers in the Light of the Decisions of the 27th CPSU Congress." The results of the examination were presented to all party organizations.

In 1986 the results of winter wheat cultivation according to intensive technology were examined at the oblast conference, to which RAPO chairmen and chief specialists were invited. The office of the oblast party committee strictly warned managers and specialists at the oblast agro-industrial committee about responsibility for the introduction of intensive technology.

The foundation for a successful cultivation of grain crops according to intensive technology for the 1987 harvest was laid down on the oblast's farms. A total of 273,000 hectares of arable land were allocated for them. Winter crops are grown on 260,000 hectares and 13,000 hectares will be occupied by peas. After clean fallow winter crops were placed on 160,000 hectares and after peas and other fallow occupying crops, on 100,000.

The task of obtaining from intensive fields no less than 45 quintals of winter crop grain on clean fallow and of 35 to 40 quintals, on occupied fallow and no less than 25 quintals of peas was set.



A soil diagnosis for the content of nutrients was made. In accordance with it mineral fertilizers were applied to fallow on the entire area—1.4 quintals in the active substance per hectare ( $P_{80}K_{60}$ ).

The application of mineral fertilizers to occupied fallow was completed. Every hectare received 2 quintals of mineral fertilizers in the active substance, including  $N_{60}P_{80}K_{60}$ . Liming was carried out on 32,400 hectares and phosphorizing, on 6,000.

Basically, seeds of the Mironovskaya-808 winter wheat variety were sown. Areas under Tambovitsa—a variety of the selection of the Fruit and Vegetable Institute imeni I. V. Michurin—were expanded. Seeds with an absolute weight of no less than 40 grams and, basically, not below the second reproduction were utilized for sowing. All seeds were brought up to the first category of the sowing standard and were treated against smut diseases.

On the entire area sowing was carried out from a technological track and with the application of phosphoric fertilizers to rows.

The June (1986) Plenum of the CPSU Central Committee defined the goals of the five-year plan for the entire agro-industrial complex. We see our task in utilizing all the potentials for a successful fulfillment of the Food Program, primarily for the maximum possible increase in grain production and in the stability of grain farming. An increase in soil fertility, mastering of scientifically substantiated farming systems, introduction of intensive technologies, and strict observance of technological discipline at every stage of field operations will become the basis for this.

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## TILLING, CROPPING TECHNOLOGY

### BRIEFS

**WHEAT IN LIPETSK OBLAST**—A total of 102,000 hectares... Winter wheat was grown according to intensive technology on such an area in Lipetsk Oblast last year. The grain gathered from this area was 12.8 quintals per hectare more than from ordinary sown areas. A total of 52,000 tons of strong and valuable wheat were sold to the state. In Volovskiy, Khlevenskiy, and Lipetskiy rayons the increase in the grain harvest totaled 18 to 19 quintals per hectare. During the current year winter wheat is cultivated according to intensive technology on 223,000 hectares in the oblast. No less than 40 quintals of it per hectare are to be gathered. [Text] [Krasnodar SELSKIYE ZORI in Russian No 5, May 86 p 10] [COPYRIGHT: "Selskiye Zori", 1986] 11439

**GRAIN IN NORTH OSETIA**—Ordzhonikidze, 1 Nov (TASS)—Having placed 185,000 tons of grain in the homeland's bins, kolkhozes and sovkhoses in North Osetia fulfilled the state plan for its sale to the state. The grain field responded to the concern of field experts with a full-weight ear. A total of 37.5 quintals of grain per hectare were obtained throughout the republic. Farms in Mozdokskiy, Prigorodnyy, Kirovskiy, and Ardonskiy rayons made the biggest contribution. North Osetia's agroprom workers could have obtained even more grain if all farms had skillfully utilized production potentials. For example, a number of kolkhozes and sovkhoses obtain an average of up to 50 quintals of grain per hectare, while other farms, 20 to 25 quintals. Taking the lessons of the past harvesting campaign into account, the republic's farmers decided to cultivate all wheat only by the intensive method next year. Grain growers on all farms of the autonomous republic are actively adopting the experience of advanced labor collectives. [Text] [Moscow SELSKAYA ZHIZN in Russian 2 Nov 86 p 1] 11439

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## HOUSING, PERSONAL SERVICES

### COMPLEXITIES IN DEVELOPMENT OF CULTURAL SERVICES ASSESSED

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian No 5, Sep-Oct 86 pp 66-80

[Article by A. Ya. Rubinshteyn: "Improvement in the Economic Mechanism in the Sphere of Paid Cultural Services"]

[Text] The article is devoted to an urgent problem concerning the economics of culture: restructuring the existing economic mechanism of sectors in the cultural sphere under conditions of intensification of public production, that is, improving planning, financing, and price formation and strengthening cost accounting activity. The article's applied direction is of great importance. The author's many theoretically substantiated conclusions and proposals are of a practical nature.

The rise in the social significance of culture and increase in its effect on all the aspects of social life have raised new problems connected with improving the management of processes concerning the creation, dissemination, and utilization of spiritual values. Today it is obvious that an increase in the social effectiveness of cultural activity greatly depends on restructuring the existing economic mechanism, expediently applying economic forms and methods of planned management in this sphere, and efficiently distributing and utilizing labor, material, and financial resources.

The plan's goal orientation: norms and indicators of cultural activity. Strengthening the planned functioning of the socialist economy is one of the key problems of improving the economic mechanism. Specialists connect the practical solution of this problem to an ever greater extent with the intensification of theoretical research on the nature of manifestations under present conditions of the law of planned and proportionate development. "It has become obvious that a conscious formation of optimal proportions and ensuring the correspondence of production to public needs on the basis of an entire arsenal of means including both directive assignments and an economic orientation of enterprises are the chief things in the realization of the requirements of the indicated law" [3]. Such an understanding of the law of planned development makes it possible to combine the economic and social criteria of proportionality and current and long-term tasks concerning

national economic development and, essentially, brings about two main directions in improving planning in the cultural sphere, that is, a conscious formation of optimal proportions and the attainment of correspondence of the production of cultural benefits to public needs; determination of efficient forms of interaction of directive assignments and the economic independence of cultural institutions to ensure this correspondence.

Final consumption proportions, in particular, an optimal structure and scale of the population's cultural activity, pertain to objectively necessary proportions. A conscious formation of these proportions presupposes a quantitative definition of the goals of cultural development and their reflection in appropriate planned norms. This direction connected with the program goal-oriented approach to planning has become most widespread recently.

The overall research conducted by the All-Union Scientific Research Institute of Art Criticism of the USSR Ministry of Culture and the USSR Academy of Sciences has made it possible to define goal-oriented indicators of attendance at cultural institutions quantitatively expressing the public need for the formation and satisfaction of the population's cultural interests [4]. Their introduction into planning practice has ensured the possibility of working out basic directions in the economic and social development of cultural sectors for 1986-1990 and for the period until the year 2000. Optimal proportions in the production of cultural benefits established in basic directions presuppose the creation of conditions necessary for introducing the population to the values of socialist culture, for man's spiritual perfection, and for the formation of a harmoniously developed personality.

At the same time, the realization of the long-term plan depends to a significant degree on the economic orientation of the current activity of cultural institutions. The necessary intercoordination between current and long-term plans requires a modification of the very system of planned norms and indicators and determination of their hierarchy in accordance with management levels.

The development and introduction of such a system of norms and indicators in the cultural sphere will make it possible to determine the socially necessary conditions for the production of cultural services, coordinating these conditions with the allocated labor, material, and financial resources. The reflection in annual plans of physical norms of consumption of cultural benefits, which simultaneously take into account both the strategic aims of cultural development represented by goal-oriented indicators and the sector's real economic capabilities determined by the limited volume of resources, is most urgent.

The elaboration of plans for specific cultural institutions is connected with the construction of a system of differentiated norms realistically taking into account the characteristics of the way of life and priority development of certain types of cultural services in the country's different regions. The determination of "group" norms of consumption of cultural benefits with due regard for the conditions of activity of cultural institutions, that is, the service radius, the correlation between stationary and mobile forms of their

work, the social-demographic structure, the size of the population living in the service zone, and so forth, should become the first step in solving this problem. We would like to note that statistical data point to significant differences in the work of cultural institutions located in small, medium-size, and big cities (table 1).

Table 1. Attendance at Stationary Circuses and Dramatic Theaters in 1984\*

Indicators	In Cities With Population, Thous.					
	up to 100	101- 250	251- 500	501- 1000	>1000	Leningrad and Moscow
Average % of occupancy of an auditorium of dramatic theaters in the RSFSR	56.3	61.1	63.0	63.2	79.6	89.3
Number of attendances at dramatic theaters in the RSFSR per 1,000 residents of cities having stationary theaters	415	388	323	221	184	517
Average % of occupancy of an auditorium of stationary circuses	-	52.8	79.8	86.6	94.1	99.9
Number of attendances at circuses per 1,000 residents of cities having stationary circuses	-	1327	991	783	546	283

\*The calculation of the data of tables 1, 2, and 4 was performed by N. Skomorokhova and T. Mazova.

The data of this table show a clear pattern—the bigger the city, the smaller the theater and circus attendance. The double excess of attendance (per 1,000 residents) in a city with a population of 100,000, as compared with a city with a population of 1 million, apparently, is connected with two circumstances. First, as calculations show, the volume of supply (number of theatrical performances and circus shows per 1,000 residents) in a big city decreases to approximately one-third. Second, opportunities for spending leisure time in it are much more diverse than in a small or medium-size city.

These factors should be definitely kept in mind when developing a system of differentiated attendance norms. The indicated norms, which are set for every territory and ensure the maximum approximation to an efficient level of consumption of cultural benefits within the framework of available resources, should be "coordinated" with the economic capabilities of the enterprises servicing this territory. In cases when the volume of services of cultural institutions does not correspond to public needs, it is necessary to additionally redistribute creative resources through an organization of touring and traveling activity.

The touring plan formed from such positions will become the connecting link



between the sectorial cultural service plan and the work plans of individual cultural institutions, ensuring their interaction. Touring activity should also find an appropriate reflection in planned indicators, regulating a certain part of the volume of their services "exported" outside its service zone [5]. The establishment of a coordinated and interconnected system of planned norms determining the macroproportions of cultural activity and the scale and structure of consumption of cultural benefits in a region, as well as the level of servicing of a specific enterprise, will ensure the necessary prerequisites for balancing production plans and for disseminating and utilizing spiritual values.

As was stressed at the 27th CPSU Congress, the development of a system of value norms characterizing an efficient structure and level of expenditures of economic resources is an important direction in improving planning. At the same time, consideration of the specific nature of local conditions and characteristics of work of specific cultural institutions is of great importance. For example, an analysis of statistical data indicates that the population density factor in cities, where these institutions function, has a significant effect on the amount of their income and expenditure (table 2).

Table 2. Characteristics of Economic Activity of Circuses and Dramatic Theaters

Indicators	In Cities With Population, Thous.					
	up to 100	101- 250	251- 500	501- 1000	>1000	Leningrad and Moscow
Average expenditures of dramatic theaters in the RSFSR per spectator, rub.						
1975	1.74	1.82	1.72	1.71	1.53	1.41
1984	2.89	2.49	2.32	2.26	2.02	1.78
Average expenditures of stationary circuses per spectator, rub.						
1984	-	2.18	1.32	1.18	1.07	1.01
Average % of profitability (in relation to production cost) of stationary circuses						
1984	-	2.1	9.5	16.2	23.3	49.3

It is evident from the table that every attendance in a small city costs a cultural institution more than in a big city. This tendency is intensifying: Whereas in 1975 expenditures per theater attendance in a city with a population of 1 million were 13.7 percent lower than in a city with a population of 100,000, in 1984 their difference made up 43 percent. A similar pattern is also characteristic of circus enterprises: As the population of a city, where a circus operates, declines, the profitability level drops and expenditures increase.

In addition to the city population, obviously, it is necessary to take into account other factors in enterprise work. For example, for a theater they are

the size and composition of a group, the capacity of the production unit and of the auditorium, and so forth. Therefore, setting differentiated expenditure norms even for the same types of cultural institutions, but functioning under different conditions, should be an indispensable requirement when establishing a scientifically substantiated planning norm base.

Economic norms, which "should be established for the entire five-year plan and create among labor collectives confidence that efficient work will be definitely rewarded both financially and morally" [2], acquire special significance. They include the wage fund formation norm, norms for financing cultural institutions (per spectator), and, as applied to theatrical entertainment enterprises, the norm for the subsidy from public consumption funds. Their introduction into planning practice will contribute to the establishment of a stable financial basis for cultural institutions and will ensure the necessary interconnection of their wage fund and the state subsidy amount with final results of activity. The stability of the indicated norms will have a stimulating effect on an increase in the volume and improvement in the quality of cultural services. The establishment of a system of economic norms will increase the efficiency of planning and expand the opportunities of cultural institutions in the development and implementation of their plans.

Determination of the range of approved indicators is now one of the most important problems. In this connection the 27th CPSU Congress once again stressed the need to eliminate any kind of "petty guardianship" of enterprises. Such a task also exists in the sphere of paid cultural services. Ensuring favorable conditions for the development of a creative initiative for the creation of full-fledged works of art and introduction of advanced forms of services for the public requires an expansion of opportunities for an economic maneuver within the framework of every enterprise. Therefore, it would be advisable to grant them many more rights in the field of planning, reducing the number of approved indicators and retaining among them only those directly reflecting final results.

Undoubtedly, the attendance indicator, which quantitatively determines the physical volume of cultural services corresponding to differentiated norms of the long-term plan, is such a main indicator. The resources necessary to ensure this volume of services should also be represented in the current plans of enterprises on the basis of the approved wage fund, norms of internal circulating capital, capital investments, and other general economic indicators. Utilizing available resources, cultural institutions incur the necessary expenditures and recover them (partially or fully) from proceeds from the sale of paid services to the population. The financial result of their activity (amount of the subsidy from the budget, or deductions from the profit to the budget) should become another obligatory indicator.

At the same time, in contrast to existing planning practice it would be advisable to give up the inclusion of the amount of income and expenditure of an enterprise in the group of approved indicators. The possibility of their independent determination (within the planned financial result) will enable us to increase the efficiency of the activity of cultural institutions through the creation of conditions for the implementation of measures, which, although require additional expenditures, at the same time, ensure an income level

exceeding them. As an analysis has shown, it is also possible to give up the indicator of the number of new productions now present in the work plans of theaters.

Practical experience in improving the economic mechanism in other national economic sectors convinces us of the advisability of also excluding the indicator of the size of personnel at cultural institutions from approved indicators. Such measures, along with the introduction of the new system of formation of creative staffs at theatrical entertainment enterprises (1), in our opinion, will help to solve the problem of the uneven load of theater, concert organization, and circus artists, which has become chronic.

On the whole, however, improvement in the planning system should proceed in two directions: intensification of the goal orientation of plans on the basis of a broad utilization of economic norms and extension of the rights of cultural institutions in the field of planning creative and economic activity as a result of a reduction in the number of approved indicators. Such an approach will also ensure the solution of another important problem. It will make it possible to extend the time limits of enterprise work planning and to change over to the form existing in the national economy--planning for a 5-year period. At the same time, for every cultural institution norms and indicators of the five-year plan (with an annual breakdown) will become a direct concretization of the basic directions in the sector's development envisaged in its long-term plan, thereby ensuring the unity of the entire planning system and the realization of the basic requirements of the law of planned development.

The examined recommendations for improving planning are also directly connected with the modification of other elements of the economic mechanism. Only an overall approach can ensure the necessary balance of all economic management tools--prices, finances, cost accounting, and economic incentives.

The planned price in the system of the economic mechanism. As is well known, cultural activity pertains to national economic sectors, where value relations have not been developed sufficiently and where the basic decisions dictated by society's objective needs are adopted on the basis of social criteria. At the same time, the law of value plays an important role in the selection of ways of attaining socially expedient results and in the establishment of appropriate economic guidelines.

The interaction of the law of planned and proportionate development with the law of value in socialist society determines the place of the price in the system of the economic mechanism [3, p 73]. In this case the planned price of services of cultural institutions "stands apart from its value content and performs the function of recording and measuring public labor expenditures. As a form of recovery of expenditures on the provision of services it expresses processes of redistribution of the population's income" [6], at the same time, being the most important social regulator of consumption of cultural benefits.

One of the significant advances of socialism in our country has been realized in the right of all citizens to use cultural achievements. This fundamental



principle of equal accessibility has determined the policy of prices of cultural services and will continue to do so. In accordance with this principle prices are constructed on the basis of consumers' "closing" expenditures. In other words, their level is established so as to ensure the possibility of introducing all population groups to culture. The latter also include the group, whose representatives are objectively characterized by the smallest share of expenditures on cultural services in their consumer budget. The expenditures of this consumer group, which are related to the normative number of attendances at cultural institutions, determine the socially advisable price level.

With such an approach to planned price formation the principle of equal accessibility can be concretized. Ensuring equal access here means that prices do not hamper an efficient consumption of cultural services by all population strata with a different income level. Speaking of efficient or normative consumption, in this case we have in mind goal-oriented indicators for introducing the population to spiritual values corresponding to conditions necessary for man's all-around development. In case of consumption of cultural benefits in excess of its efficient level the price no longer can act as a limiting factor.

Owing to the systematic state policy in the field of price formation, in our country there are no longer sizable population groups, for which the existing price level would serve as the reason for not attending certain cultural institutions. Price stability has created the prerequisites necessary for expanding the scale of cultural activity and for solving the set of social and cultural problems.

At the same time, research has shown that under conditions of the constantly increasing income of the population and expenditures of cultural institutions the stability of prices simultaneously implies a decline in their relative level [7]. The fact of a relative decline in prices for the consumer should be noted especially. The rise in the well-being of the Soviet people and increase in the population's real income have brought about a decrease in expenditures on cultural services in the family budget structure. For example, a reduction in prices of theater tickets in relation to other consumer goods and services has become noticeable [8]. Under these conditions the possible expenditures of even the closing consumer group have proved to be higher than the existing price level. The share of actual expenditures on services of cultural institutions in family budgets has begun to decline, not bringing about a corresponding increase in their attendance.

Although prices are some of the factors affecting the volume of aggregate demand, it is doubtful if the further process of their relative reduction would contribute to an additional growth of consumption of cultural benefits. Calculations by specialists show that under existing conditions the "demand for theatrical services is not elastic with regard to ticket prices" [10]. Thus, the strategy of stable prices, on the one hand, no longer stimulates an increase in attendance and, on the other, leads to an increase in the gap between the price and expenditures of cultural institutions, bringing about a deterioration in the economic conditions of their activity (table 3).



Table 3. Dynamics of Expenditures and Prices of Theater Services in USSR

Indicators	1975	1984
1. Specific, per spectator, expenditures (production costs, rub.)	1.70	2.32
2. Average price per attendance, rub.	0.98	1.06
3. Difference between the price and production costs (line 2-line 1):		
in rubles	-0.72	-1.26
in % of 1975	100.0	175.0

Calculations show that, while the expenditures of theaters increased, the average price per attendance hardly changed, determining the growing dynamics of unprofitableness of every attendance: From 1975 through 1984 they almost doubled.

As research shows, the tendency toward a relative reduction in prices and their insufficient differentiation and flexibility hamper the development of cost accounting and weaken the effect of the price mechanism on the formation of an efficient consumption structure and of a volume of production of cultural services expedient from the social point of view. In this connection we will note that the problem of regulating prices and bringing them in correspondence with the population's increased economic opportunities has become an important practical task of improving the economic mechanism.

The problem of changing the price level deserves special attention. Almost all specialists without exception agree about the need to increase the payability of cultural services. However, differences in the ways of solving this problem are noticeable. For example, some of them allow for the possibility of raising existing prices, while others, conversely, noting its inadvisability, recommend the use of flexible price formation principles (2).

In our opinion, the second way corresponds more to the general concept of improvement in prices of cultural services.

Discussing the direction in price regulation, first of all, it is necessary to define its goal. It is obvious that prices, along with other tools of the economic mechanism, should contribute to the creation of conditions for the production and consumption of cultural services, under which, on the one hand, enterprises would be oriented toward the solution of social and cultural problems and, on the other, would strive to utilize for this effective forms of management based on an economical and efficient expenditure of allocated resources. At the same time, these conditions should also stimulate consumer demand. In other words, the price level should definitely be coordinated with socially advisable norms of consumption of cultural benefits.

It would seem that the preceding analysis indicates that a certain limited price rise is justified. In fact, without any serious risk of narrowing the range of consumers, the share of recovery of production expenditures in the

price can be increased. Nevertheless, such a measure, in our opinion, will prove to be not very effective. This is connected with three circumstances.

First, a one-time price rise in no way affects the interests of the enterprises themselves. For example, for theaters and philharmonic organizations it will simultaneously cause a decrease in the state subsidy amount. Only the ratio of various sources of recovery of enterprise expenses, that is, expenditures of the population and of the state budget, will be changed. In this case the conditions of production of cultural benefits retain their status quo and the conditions of consumption, obviously, are not improved.

Second, such a price rise is of a knowingly averaged nature, being the same for all groups of consumers differing in the income level and the degree of introduction to culture. In our opinion, a differentiated increase in the payability of cultural services, which encompasses primarily population groups with the biggest income and enables members of badly-off families to attend cultural institutions, should be considered advisable.

Third, a directive change in the price level in no way expands the possibilities for an economic maneuvering of enterprises.

It seems to us that a rise in price flexibility as a result of the intensification of price differentiation on the basis of an extensive utilization of the system of reductions and increases should become the main direction in the regulation of prices in the cultural sphere.

Introduction of a special current price increase does not presuppose its obligatory application. Proceeding from specific conditions, every theater, for example, can at its discretion utilize higher-level prices or not and raise them for all or only some performances daily, or only during specific days of the week. The indicated procedure, along with the application of the discount system, will enable cultural institutions to maneuver prices for the purpose of additionally stimulating attendance. In this case higher prices will serve not so much as a factor in the growth of enterprise income as a means of strengthening economic methods of managing the population's cultural activity.

The indicated recommendations have been introduced into practice as an experiment. The list of prices of tickets to theaters subordinate to the USSR Ministry of Culture developed on their basis envisages the introduction of a special 50-percent increase in the basic price, but for no more than one-third of the performances. At the same time, the right to apply it has been granted directly to directors of theatrical entertainment enterprises. To be sure, it is early to talk about the final results of this experiment. Right now, however, it is clear that an extension of the rights of cultural institutions in the field of price formation and an increase in price flexibility ensure good results. Experience in the development of the indicated price list and its introduction into practice make it possible to speak of the advisability of an overall approach to price regulation in the context of general problems of improving the economic mechanism.

It is obvious that an increase in the income of cultural institutions is well-founded only if it is not accompanied by a drop in attendance. The presently existing price level makes it possible to think about the possibility of solving this problem. However, under conditions of uncertainty of spectators' conduct this requires an even greater extension of the rights of cultural institutions in the field of planning.

The essence of the problem lies in the fact that the determination of the values of basic plan indicators (number of attendances and the subsidy amount), in our opinion, should not depend on the possibility of applying higher prices. Whereas with respect to the attendance indicator this condition is fulfilled automatically, the procedure of determining the planned subsidy (profit) requires the necessary refinements. The level of the subsidy (profit) for a specific enterprise also depends on the prices at which the amount of charges is calculated. The existing method is based on the utilization of the average price per attendance formed during the preceding year. Such an approach cannot be considered justified, because in this case there is an artificial overstatement of the amount of charges as a result of taking the increases of the preceding year into account in the average price. We will repeat once again that the application of higher prices should be the direct concern of the enterprise itself and should not be taken into account in its work plan.

Such an attitude toward the problem concerning the interconnection of prices and the plan presupposes the need to coordinate the interests of society and of individual cultural institutions within the economic mechanism. At the same time, society is directly interested in solving two problems: First, in attaining the socially advisable level of consumption of cultural benefits established by the plan and, second, in most efficiently utilizing the resources allocated for this purpose. The introduction of the system of price increases and granting cultural institutions the right to apply them independently ensure more extensive opportunities for attaining the goals set. However, to transform these opportunities into reality, the enterprises themselves should be interested in solving the indicated problems. Economic relations in the cultural sphere, in particular, the financial mechanism, the financial regulation system, and cost accounting, should develop precisely in this direction.

State subsidy and financial norms. The planned unprofitableness of most enterprises is one of the main characteristics of economic relations in the cultural sphere. Its objective nature does not give rise to any doubt. Nor does the problem concerning the reasons for the necessary financial support for cultural institutions require an additional analysis. It should only be stressed that their unprofitableness is due mainly to the price policy conducted in the cultural sphere and its pronounced social orientation.

An obligatory recovery of the planned loss presupposes the utilization of various forms of financial assistance. State subsidies, allocations from the budget and nonbudgetary sources, and privileges are considered effective. Specific financing methods depend on the extent of payability of services provided by cultural institutions subdivided into two basic groups respectively. They are fully self-supporting enterprises, the prices of the



services of which contain a certain amount of profit, and cost accounting enterprises planned to operate at a loss, which provide their services on a preferential basis, that is, at prices below their production costs. Problems of financing the second group of cultural institutions and problems connected with the economic content of allocated subsidies, with the method of determining them, and with ensuring a harmonious combination of financial planning methods and other tools of the economic mechanism have been in the center of attention in the last few years.

The subsidy problem has a special place in the economics of culture. In one context or another it is invariably present in all research devoted to problems connected with the management of this sector. The general interpretation of the subsidy as part of the socially necessary expenditures on the attainment of social and cultural goals is noticeable in the rich palette of views of the essence of the subsidy [13].

Taking into account the very fact of society's recognition of the unprofitableness of cultural activity and its objective character and social and economic nature [14], the subsidy can be considered a special kind of price, at which the state pays cultural institutions for every unit of the planned volume of their services to the population. Under conditions of socialist reproduction the consumer acts simultaneously both as the totality of individuals and as society at large. Accordingly, the services of cultural institutions are also aimed at meeting both individual and social needs and their income consists of two parts, that is, returns from the sale of tickets to the population and subsidies from public consumption funds.

Here it is appropriate to recall that, as M. S. Gorbachev noted in the Political Report to the 27th CPSU Congress, public consumption funds "are in no way charity funds. They play an important role in providing equal access for members of society to education and culture..." [1]. The existence of social guarantees for the population and the privileged level of prices of cultural services connected with them require an additional payment from the state budget for every theater or concert attendance. In our opinion, the state subsidy amount should be determined precisely according to the sum of such additional payments, not according to the difference between the income and expenditure of enterprises. Only in this case will the subsidy turn into a real tool of management of cultural activity.

Recognition of this most important thesis signifies recognition of the normative method of determining the subsidy. The 27th CPSU Congress, which directly announced the need to transfer "the system of interrelations of state enterprises with the budget to a normative basis" [2, p 45], confirmed the fruitfulness of such an approach.

Introduction of the subsidy norm per unit of the volume of consumption of cultural services lends a goal-oriented nature to the subsidy. The chief thing is that such subsidy norm setting ensures the proper coordination of the planning and financing of the work of cultural institutions. In this case the state purposefully finances the activity oriented toward the solution of social and cultural problems and attainment of the volume of consumption of cultural benefits established by the plan, while subsidies from the budget



cover the part of enterprise expenses determined by the difference between socially necessary expenditures and current prices. The optimum proportion between the expenditures of the population and of the state budget should be formed directly in long-term and five-year plans for the development of cultural sectors.

The idea of subsidy norm setting has been appropriately reflected in a number of publications in the last few years. However, its realization is alternative to a certain degree. For example, according to one existing point of view, "every sold ticket simultaneously is the right to enumerate the subsidy in the form of a fixed percent of the basic ticket price, or in the established rate per ticket" [9]. As it seems to us, such an interpretation of the application of the financial norm contradicts the economic content of the subsidy. The point is that the "right to enumerate the subsidy" should be realized not "per sold ticket," but within the planned volume and structure of consumption of cultural services. Otherwise, either a deficit of the general financing limit will appear, or there will be an unjustified redistribution of the sector's resources in favor of enterprises, whose services are in greater demand, and taking into account the spatial localization of production and consumption, an aggravation of existing disproportions and regional differences in cultural services for the public.

The need to establish a direct relationship between the subsidy and final results of enterprise activity does not give rise to any doubts. In our opinion, however, it should be of a strictly planned nature. The higher the enterprise plan in terms of the number of serviced spectators, the greater the subsidy that the state should allocate to the enterprise. However, any overfulfillment of the plan for the volume of sale of services, even if advisable, should occur only through the utilization of internal reserves of cultural institutions. In other words, the subsidy amount, undoubtedly, should be a planned indicator and be established for every enterprise on the basis of the planned number of serviced spectators and the subsidy norm stable throughout the 5-period.

As already noted, the program goal-oriented approach to planning has become increasingly widespread recently. The long-term plan for the development of cultural sectors worked out in accordance with it also includes the system of financial norms. The subsidies for enterprises planned to operate at a loss determined on their basis ensure the necessary orientation of the mechanism of distribution of the sector's financial resources toward the attainment of the desired result--the planned volume and structure of consumption of cultural services. Improvement in this mechanism presupposes an analysis of the specific conditions of activity of cultural institutions and the development of a system of differentiated financing norms for them.

Such an approach to the subsidy problem requires the consideration of the totality of factors determining the deviation of individual expenditures from their socially necessary amount. The territorial localization of the production and consumption of cultural services objectively brings about a differentiation of the expenditures of cultural institutions. To confirm this fact, we will turn to statistical data characterizing the losses of dramatic

theaters in the RSFSR, first grouping them on the basis of the population of the city where they are stationed (table 4).

Table 4. Differentiation of the Actually Formed Subsidy Norm for Dramatic Theaters in the RSFSR

	In Cities With Population, Thous.					
	up to 100	101- 250	251- 500	501- 1000	>1000	Leningrad and Moscow
Actual subsidy per spectator, rub.:						
1975	0.95	0.90	0.71	0.61	0.41	0.06
1984	1.86	1.43	1.28	1.14	0.80	0.39

An analysis of the data of this table indicates that, as the population of a city increases, the specific losses of a theater decrease. For example, in a city with a population of 1 million the established subsidy norm (per spectator) can be 56 percent lower than in a city with a population of 100,000. We would like to note that this ratio is very stable. It hardly changed from 1975 through 1984.

On the whole, the development of financial norms differentiated according to individual groups of enterprises and the country's regions should ensure an efficient distribution of the general limit of the sector's financial resources, creating conditions necessary for the production of cultural benefits in the volume and structure envisaged by the national economic plan. However, the measure of utilization of these production capabilities depends on the specific orientation of cultural institutions, on their current economic activity, and on the interest of creative collectives.

Development of cost accounting: financial regulation and economic incentives. Research on the interconnection of financial planning and other elements of the economic mechanism has occupied a significant place in recent years. Despite objective complexities in the introduction of normative financing methods, their extensive application in management practice becomes an urgent need to an ever greater extent. As in other public production sectors the utilization of these methods presupposes the further strengthening of the economic independence of enterprises and increase in their financial interest.

According to the Statute on the Socialist State Theatrical Entertainment Enterprise, cost accounting has been the basic method of planned management in the sphere of paid cultural services for about 15 years. Its development and intensification is one of the most important directions in improving the entire system of management of cultural development. Let us note certain characteristic features determining the specific nature of its organization in cultural sectors. A certain isolation of the circulation of capital, with which society endows cultural institutions for the fulfillment of planned assignments concerning services for the public, is also the basis for the development of cost accounting relations here. However, taking into account

the objective unprofitableness of most enterprises in the cultural sphere, the limited application of cost accounting in it and the possibility of utilizing only its partial forms should be stressed.

At the same time, the existing excessive regulation of the economic activity of cultural institutions is largely of an artificial nature and is not directly determined by the specific nature of cost accounting. The paragraph-by-paragraph approval of the income and expenditure estimate, the limitation of the rights of enterprises in the use of bank credits, existing forms of financing and its annual (not 5-year) cycle, the established procedure of subsidy savings distribution, and so forth give rise to special objections [15]. All this fetters the initiative of enterprises, decreases the interest of labor collectives in efficiently utilizing resources, and weakens economic responsibility for the final results of activity.

Therefore, recommendations aimed at further intensifying cost accounting and strengthening the independence of cultural institutions deserve attention. In addition to an extension of the rights of enterprises in the field of planning and a radical reduction in the number of approved indicators, an active utilization of economic regulation methods ensuring the necessary flexibility in the distribution and redistribution of resources on the basis of the introduction of stable financial norms and creation of special financial capital funds is a very important aspect.

It seems that the development of a system of differentiated financial norms promises a full and efficient solution of the problem of distributing the sector's resources among individual cultural institutions. However, a more profound analysis requires that another important aspect be examined. The volume of sale of cultural services and the state subsidy amount established in the plan of enterprises will not always coincide with the actual results of their activity. It is not only a matter of the quality of planning here. Even under the most ideal procedure of plan preparation and approval and under the most perfect system of indicators and norms there will always be indefiniteness in the final results of work of cultural institutions, indefiniteness brought about by the nature of the creative process [12].

Therefore, the normal process of functioning of cultural institutions requires a more flexible management system, which enables every enterprise to create from its own resources certain reserve funds fulfilling the function of a "financial depreciator" compensating, as far as possible, for the natural risk of creativity.

The idea of utilizing such funds is not new. For example, V. P. Pogozhev wrote about the reserve monetary fund and its significance for the normal functioning of the theater as long ago as the end of the last century [20]. The advisability of creating a reserve fund of enterprises is determined by the need to ensure the stability of their financial position. In this case cultural institutions will be able to deduct part of the saved funds of the current year (or above-plan profit) into the reserve fund for the subsequent self-financing of measures requiring bigger expenditures than envisaged by financial norms. This will decrease the degree of their financial risk, strengthen their financial position, and expand the possibilities for an



economic maneuver, thereby ensuring the necessary conditions for an efficient utilization of economic resources and the attainment of attendance indicators established in the plan.

The problem of creating a centralized reserve fund--deductions from the subsidy (or above-plan profit) can also serve as the source of formation of this fund--is also urgent. In this case part of the financial resources will be accumulated in the sector's centralized fund and be redistributed among individual cultural institutions.

At the same time, the efficiency of financial regulation greatly depends on the amounts of deductions into the centralized reserve fund and the reserve enterprise fund and on a substantiated correlation between them. The solution of this problem requires additional research, although the scientific search direction has already taken shape and, in our opinion, is connected with an analysis of rent relations in the cultural sphere (3).

An objective conditionality of the differences in the results of activity of cultural institutions is the prerequisite for such an approach. Even within one of their groups, for which a single planned subsidy (or profit) norm has been established, the actual financial result can prove to be different: For some of them it will turn into an above-plan loss and for others, into subsidy savings (or additional income). As specialists note, this additional income is close in its nature to the differential rent [17]. In accordance with the differential rent theory under socialism the above-plan profit (subsidy savings) of enterprises can be divided into two parts: income I obtained from the difference in the objective conditions of their functioning and income II resulting from the implementation by a cultural institution of specific measures to improve cultural services for the public. At the same time, income I or its part should be withdrawn into the centralized reserve fund and income II should be left in the reserve enterprise fund [17, p 145].

Coordination of financial regulation funds with the rent income of cultural institutions will make it possible to efficiently balance different elements of the economic mechanism and, in particular, financial methods of management with flexible price formation principles. The point is that, ultimately, all the basic factors characterizing objectively better conditions of activity of specific enterprises are expressed in the possibilities of selling the planned volume of services at higher prices to the population. Essentially, the above-plan income of cultural institutions obtained as a result of the application of basic price increases determines part of their rent income. Let us explain what has been stated.

As already noted, existing prices have been set according to consumers' closing expenditures. This means that higher prices corresponding to the expenses of population groups, whose income exceeds minimal and average levels, can also be formed within the framework of effective demand. Therefore, it can be considered that the difference in the levels of these prices determines the possibility for the existence of rent income, or, more precisely, differential rent-type income. The utilization of the flexible price mechanism makes it possible to derive this additional income to one extent or another. It is obvious that its amount directly depends on the



conditions of enterprise activity, first of all, on the size and structure of the population in its service zone, and on the level of income and expenditure on cultural benefits of various consumer groups.

The examined interconnection also determines the financial regulation mechanism itself. If the prices and subsidy norms established in the plan fix the initial distribution of the sector's financial resources, the utilization of basic price increases creates the prerequisites necessary for deriving rent income and its subsequent redistribution through the centralized reserve fund. The capital of this fund makes it possible to additionally (in excess of the planned norm) finance special measures, whose implementation presupposes the application of basic price reductions, or requires higher expenditures. With regard to the reserve enterprise fund, it enables every cultural institution to redistribute its own financial resources throughout the 5-year period, striving for their maximum savings and efficient utilization.

At the same time, the effectiveness of financial regulation largely depends on the applied economic incentive system, which as yet does not sufficiently orient labor collectives toward efficient economic management [6].

It should be stated that incentive problems are constantly in the center of attention. Intensified work is done in this direction and the results obtained are checked in appropriate experiments. Most authors consider it necessary to stimulate the fulfillment (not overfulfillment) of planned assignments, establishing a long-term norm of deductions into economic incentive funds approved, as in other national economic sectors, for 5 years and differentiated depending on physical indicators of the volume of sale of cultural services.

Generally speaking, these recommendations are not new. For about 15 years the incentive system built on such principles has formed the basis for the cost accounting of circus enterprises [18] and in recent years it has been approved in a number of the country's concert organizations. In the course of the experiment the amount of their bonus funds (as in circuses) has been made dependent on the stepped-up nature of planned assignments: A reduction in the percent of deductions into the bonus fund for above-plan indicators and an increase in the norm of deductions under a stepped-up plan are envisaged.

Such an economic incentive system is aimed at increasing the financial interest of labor collectives in activating the creative process, enlarging the number of serviced spectators and occupancy of halls, and improving the economic activity of enterprises. The experiment has not yet been completed and its preliminary results still require a careful analysis. However, it is already clear that, in addition to positive factors, this system has certain shortcomings. Specialists also previously drew attention to the fact that it did not fully take into account the differences in the conditions of activity of cultural institutions (4). However, it is not only a matter of violating the correspondence of incentives for collectives to their actual contribution to final results. The chief thing is that such a stimulation system does not ensure the necessary interest of an enterprise in most fully utilizing its relatively better conditions of activity, that is, does not create proper incentives for obtaining an additional rent income. In the final analysis

this leads to the same underutilization of internal reserves and to an inefficient expenditure of existing funds.

Therefore, as it seems to us, one of the fundamental directions in the development and intensification of cost accounting should be connected with the coordination of the economic incentive system and methods of financial regulation--the amounts and structure of bonus funds with the amount of rent income, which is derived as a result of better functioning conditions and is the basis for the creation of appropriate reserve funds. In this case the incentive fund should be formed from two sources. Its first part (payment of bonuses for the plan fulfillment) should be envisaged in enterprise expenses and the second should be formed from subsidy (or above-plan profit) savings on the basis of deductions from rent income I obtained by a cultural institution as a result of the application of higher prices.

In addition to individual interests of some workers, cost accounting should also take into account their collective interest connected with ensuring normal conditions for a stable operation of cultural institutions. In this sense the reserve enterprise fund can also be added to economic incentive funds. As already noted, its size should be made dependent on the amount of rent income II derived by a cultural institution as a result of the implementation of additional measures aimed at saving expenditures and enlisting new contingents of consumers.

Such a modification of the economic incentive system presupposes a change in the general scheme of distribution of subsidy (or above-plan profit) savings. Deductions into the centralized reserve fund, into the financial incentive fund of enterprise workers, and into the enterprise reserve fund should be made on its basis. Appropriate deduction norms, like the norm for the payment of bonuses for the plan fulfillment, should be established for a 5-year period, retaining their stability throughout the planned period.

In conclusion we would like to note the need for experimentally checking the examined recommendations to improve the economic mechanism. The planned performance of such an experiment in a number of the country's theaters should ensure a real possibility for a practical evaluation of the proposals being developed.

Modern practice poses ever newer and more complex problems of managing cultural development. Their solution acquires special urgency under conditions of developed socialist society, when the quantitative growth of the population's introduction to cultural values has brought about a qualitative leap--transformation of culture into a fundamental factor in social and economic progress. In this connection increasing the substantiation of economic methods of management, developing and improving economic relations, and bringing the existing economic mechanism into conformity with the present tasks of cultural policy are the conditions necessary for further enhancing the role of culture in the life of our society.

#### FOOTNOTES

1. A competitive artist selection system is being introduced in all theaters, concert organizations, music and dance collectives, and circus enterprises in the country as of 1986.
2. A debate connected with this was held at a conference on problems of the economic mechanism in the cultural sphere [23].
3. The idea of allocation of the differential rent in the sphere of culture was expressed by Yu. A. Zykov as early as the 1970's. Later this problem as applied to theaters was investigated by V. S. Zhidkov [21]. N. I. Moskaleva and L. I. Yakobson examined differential rent problems in a slightly modified form [22].
4. This problem had already been raised in publications of past years [19]. The author's constructive proposals on equalizing the indicated differences are connected with the centralization of part of the bonus funds at the sector's level and its further redistribution for the purpose of providing additional incentives for collectives working under more complex conditions and attaining high creative results.

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## HOUSING, PERSONAL SERVICES

### LEGAL VIEWS ON NEED FOR TIGHTER HOUSING LAWS

Moscow TRUD in Russian 15 Nov 86 p 2

[Article by O. Yunina, associate of the USSR Academy of Sciences Institute of State and Law, and candidate of legal sciences: "Extra Meters: The Individual and Housing Laws"]

[Text] The editorial office received several thousand responses to the articles by RSFSR Supreme Soviet Deputy from Novosibirsk N. Piryazeva: "Extra Meters," "Still More About Extra Meters," and other TRUD materials published in the course of the discussion. Participants in the discussion posed pointed questions about an issue which directly concerns them--the need for serious changes in the practice of registering and distributing apartments, and more rational use of existing funds. They share their opinions and suggestions aimed at solving the housing problem as rapidly as possible.

Reading the materials in TRUD on the problems of "extra meters," I could not help but become involved in the discussion. The reason is that I am engaged in studying and improving the housing legislation. I also have the experience of a practicing lawyer.

In recent years a number of legislative acts have been passed which regulate the resolution of housing questions in a complex fashion. There are the Fundamentals of Housing Legislation of the USSR and the Union Republics, and the new housing codes of the union republics, and other normative documents. And with all of that, in my view, the adoption of new legislation has not brought complete clarity to certain fundamental points of the housing law.

Let us begin with the very concept of the family of the tenant of a residential apartment, which must be made more precise. Article 53 of the RSFSR Housing Code states: "Members of the tenant's family include the spouse of the tenant, their children, and parents. Other relatives, dependents unable to work and, in exceptional cases, other persons as well may be considered members of the tenant's family if they reside together with the tenant and have finances in common [obshcheye khozyaystvo] with him." But what does this formula mean in real life? Imagine a typical situation. In two adjacent rooms live the parents, their son, and his wife and child. In essence, these

are two different families, sometimes even running their households separately. If they were strangers, they would have the right to be on the apartment waiting list [uchet] regardless of the meterage. But in our case the young family cannot get onto the list to receive separate housing (if the norm for placement is observed), because it follows from the statutes of the housing code and the laws of registration and distribution of residential area that persons residing in adjoining non-isolated apartments in which family connections are involved are not eligible to be put on the list. But the fact that they are relatives, after all, does not make it any easier to tolerate the inconvenience....

The absence of a precise norm in this question impels people to seek out all manner of roundabout ways, which leads to speculative exchanges and other machinations with living space. Before anything else, it is necessary to make precise the very concept of a young family. It is necessary to establish the right to independence for a tenant's adult children who have gotten married and are continuing to live in the previously occupied area but now with a different status.

The right to housing in our country is guaranteed by the Constitution. But in exercising their right, certain categories of citizens are encountering various types of obstacles, including legal ones. This applies above all to those who are residing in job-related living quarters. Can they be classified in the category of people provided with living space? In our view, they cannot. After all, the Housing Code of, for example, Azerbaijan provides for the possibility of evicting workers and employees who have severed their labor relationships with enterprises, establishments, and organizations, and also citizens who have been expelled from a kolkhoz or left it of their own choosing, along with all persons residing with them who have no right to other residential areas. Here a clear discrepancy can be seen between a constitutional right and a republic act.

Strangely enough, in the current normative documents there is not a word about placing persons residing in job-related living space on the apartment waiting list. The situation verges on the absurd. Those who occupy a place in a dormitory have the right to be placed on the list, while those living in job-related areas do not. But their status is practically identical. This is one example of the "hazy places," the unclear areas in housing legislation which create favorable soil for abuses. Ispolkoms of local soviets should include in the rules which they adopt a position such as the following: "Citizens may be accepted on the waiting list to receive living space both in the place of residence and in the workplace if they reside in job-related residential space and have worked in the enterprise, establishment, or organization which granted them job-related quarters for a number of years which shall be determined taking into account local conditions."

The inclusion of such an amendment will clear up the matter, and furthermore will take into account the interests of people residing in job-related areas and of the enterprises which granted it to them.

Many participants in the discussion are demanding that radical measures be taken to fight speculation in housing when it is subleased. The question, as they say, has become urgent. But the point here is not the absence of legal

norms, but rather primarily the purposefulness with which they are applied. The housing code of the RSFSR has established a norm which makes it possible to confiscate isolated living space from violators of the law if it is systematically being used for the purposes of drawing in unearned income. But the question of confiscating the living space of such people, as a rule, is never posed. Thus, for example, one Grenaderoova subleased a two-bedroom apartment over the course of 3 years, taking in 50, and then 100 rubles per month for its use. As the Severomorsk City People's Court in Murmansk Oblast established, she was not working anywhere and made a living by subleasing residential space. But, unfortunately, there was no demand from control organs that her housing space be confiscated. A host of similar examples could be cited. The time has come to raise the responsibility of the officials who are obligated to control the use of residential quarters. Broader use must be made of the practice of official warnings on the part of ispolkoms and procuracies. And then those who desire to speculate in housing will learn that their actions are hardly likely to go unpunished.

And in general, in my view, the urgent situation which has developed in housing is largely the result of passivity, insufficient competence, and occasionally--the abuses of ispolkom and trade union workers, as well as economic leaders, which are not being dealt with adequately. For example, in Chita Polytechnical Institute, when people in need of improved housing conditions were placed on the waiting list, they were not required to produce records from household books and other necessary documents. People were put onto the lists who had no right to be granted housing out of turn or to be given priority, or who did not even work at the institute. The ispolkom's control in this case was of a purely formal nature: they made sure that all of the papers were compiled smoothly--that was all. As a result, 11 individuals illegally upgraded their housing conditions.

The example cited, unfortunately, is not unique. This is attested both by the participants in the discussion, and the readers themselves, in their letters. The whole problem is that real personal responsibility of people in positions of authority, and genuine control and openness in resolving housing issues are still clearly too scarce. It is no accident that in current court and procuracy practice, actions to declare issued orders invalid are encountered extremely rarely. The law here is running idle.

Now about openness and democratism. These principles are observed formally. Public commissions on housing questions under ispolkoms of city and rayon soviets of people's deputies include representatives of trade unions, social organizations, and labor collectives. But the actions of these commissions, as we have been able to convince ourselves in the examples, cannot be called responsible; they are not satisfying the demands of life. Now, while consistent restructuring is going on in all spheres, it is necessary to create a system of constant, strict social control over everything which touches on housing--beginning with the acceptance of a house for use and ending when someone moves into it. This control might be accomplished by the residents of the building being moved into themselves, through their representatives. These representatives should have the right to sign the act of formal acceptance of the building, and also on confirming orders. They must be included in obligatory order in the above-named public commissions of ispolkoms.



Incidentally, this will be done in Belorussia beginning with the new year. In this way, the people in line for it will get effective weaponry in the fight for the quality of housing, in the fight against various sorts of machinations in distribution of housing. What is required from lawyers here? These rights of control must be secured through legislative means for the future residents --that is, amendments must be made to the Statutes Concerning the Public Commission on Housing Questions.

There are also other possibilities for expanding openness in resolving apartment questions. Ispolkoms have at their disposal specially published bulletins. But what can be learned from them? For example, in the bulletin of the Moscow Soviet, reports, results and plans for development of the city are printed. But there is no concrete information touching directly on those who are in line for upgrading their housing conditions. And after all, wouldn't you agree that each person in line wants to know how his line is moving along and who has received an order for a new building? Are there perhaps any violations? Why, for example, did Petrov, who was after Ivanov in line, receive an apartment before him? I am sure that if this vitally important information becomes an object of widespread openness, then the abuses in distributing housing will be significantly reduced. Therefore the information should be published in bulletins of city and rayon ispolkoms, and in in-house newspapers.... (And each resident should have the opportunity to buy such a bulletin in the ordinary Soyuzpechat Kiosk.) And then openness will be secured for real.

Openness, justice, and precise order in resolving apartment questions are the urgent demand of the times. And the law should be a reliable ally here, an effective means of carrying out this demand.

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## FUELS

### INTERVIEW WITH USSR PETROLEUM MINISTER DINKOV

Moscow SOTSIALISTICHESKIY TRUD in Russian No 10, Oct 86 pp 3-11

[Interview with USSR Ministry of the Petroleum Industry and CPSU Central Committee member Vasilii Aleksandrovich Dinkov by B. Levin: "The Petroleum Industry: Organizational and Economic Controls for Acceleration"]

[Text] [Question] In the Appeal of the CPSU Central Committee to the workers of the Soviet Union that was adopted at the June (1986) Plenum of the CPSU Central Committee, it was emphasized that the first year of the five-year plan is a trial by deed for all labor collectives, a verification of how the restructuring is proceeding in practice and how deeply its ideas are being apprehended and implemented. At the 27th CPSU Congress, the serious lag of the petroleum industry that was permitted in the last five-year plan was indicated. In speaking at the party forum, you, Vasilii Aleksandrovich, cited those paramount tasks whose urgent resolution will permit a cardinal change in the extant alarming situation. What is the substance of the restructuring being implemented in the sector today?

[Answer] First and foremost I want to say that in the starting year of the 12th Five-Year Plan, the sector has taken the first confident step toward surmounting the lag of many years in the production of "black gold." In August, the petroleum industry of the country reached the planned daily oil and gas condensate production level. The drillers achieved their targets in eight months. Our principal goal today is to repair omissions and liquidate the causes for the lag, chief among which is the unsatisfactory utilization of fixed capital in West Siberia. We were not able to provide for the timely start-up of new fields and did not prepare for the transition from the flow method to the mechanized production of oil. Forward movement was also restrained by the state of capital construction, equipment and the technology of oil production and well drilling, which did not correspond to the assigned tasks. The fact that in the face of a continuous increase in industrial reserves of oil, their qualitative features have worsened was not taken into account in timely fashion. Over the last ten years, the average yields of wells placed into operation for the sector overall declined by half, and in West Siberia by four times. This is connected with access to less productive fields that are geologically more complex. In the 12th Five-Year Plan, the petroleum workers began work in new and difficult regions of West Siberia, West Kazakhstan and the northern part of the European part of the country.

Objective reality required a different approach and a substantially higher level of technical and technological solutions in all spheres of the activity of petroleum-industry enterprises. In the shortest time periods, it was necessary to create conditions for the steady fulfillment of increasingly intensive plans. This is the main substance of the restructuring being implemented in the sector today.

The tasks in accelerating scientific and technical progress have been concentrated in the composite measures of Minnefteprom [Ministry of the Petroleum Industry] for the 12th Five-Year Plan and for the period to the year 2000. Only their resolution will ensure the production of more than 300 tons of "black gold" in the current five-year plan. The widespread automation and mechanization of technological processes and the incorporation of modular-kit automated installations in oil-field infrastructure systems are envisaged, including equipment with a high degree of plant preparation and labor-conserving technologies.

Overall, the comprehensive realization of measures of scientific and technical progress in the 12th Five-Year Plan will ensure a 25-percent increase in oil reserves, a reduction in drilling-rig requirements of 670 sets and a decline in capital investments of the sum of about 3 billion rubles (almost 2.5 times more than in the 11th Five-Year Plan).

The high growth rate of work volumes in the oil industry are advancing questions of technical retooling to the forefront, which are now being resolved in sixty all-union sectorial and intersectorial programs designed for this five-year plan.

Considerable assistance has been rendered in reinforcing sector science. The Nefteotdacha [Petroleum Recovery] intersectorial scientific and technical complex, the Bureniye [Drilling], Tekhnologiya i Tekhnika Dobychi Nefti [Technology and Equipment for Oil Production], Sibnefteavtomatika [Siberian Oil Industry Automation] and Nefteavtomatika [Oil Industry Automation] scientific production associations, three scientific research and planning institutes and two branches of institutes already existing in West Siberia have been created. Real returns from their activities are already being felt today.

In geological prospecting operations, retooling is aimed at developing comprehensive drilling with the employment of geophysical methods and the utilization of modern forecasting of the geological section, the direct detection of hydrocarbons etc. The mass incorporation of comprehensive drilling rigs, including those that considerably reduce labor-intensive processes, is projected.

In field development, methods of chemical, physio-chemical and thermal stimulation for oil strata for the purpose of raising oil yield will be widely disseminated. In order to ensure their effective utilization, the construction of automated gas-compressor stations, air compressors, steam-generator installations etc. is projected.

We will devote especial attention to the incorporation of fully automated technologies, in which, through the automation of technological processes of oil pumping, a rise in the reliability of pipelines and an improvement of their maintenance and repair system, the need for the presence of support personnel will decline.

[Question] Vasilii Aleksandrovich, among the letters to the editor there are many letters whose authors in every way laud the incorporation of progressive equipment and economical technologies, but at the same time express a number of reprimands, in our opinion justified, about the state of service maintenance and the organization and quality of repair work...

[Answer] There is no doubt that in order to utilize effectively the potential of modern equipment, its maintenance must be well organized. For the first time in our sector, a system of equipment service maintenance is being created by the specialized organizations of Minkhimmash [Ministry of Chemical and Petroleum Machine Building], Mintyazhmash [Ministry of Heavy and Transport Machine Building], Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems], Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building], Minavtoprom [Ministry of the Automotive Industry], Minelektrotekhprom [Ministry of the Electrical Equipment Industry] and other manufacturing ministries, first of all in West Siberia.

It is envisaged that receiving inspection of equipment will be carried out at special points, the defects discovered will be eliminated and a stockpile of equipment parts and assemblies will be created along with their exchange, which will permit the timely repair of equipment. The first such point is already in operation. This is the exchange center of the Minavtoprom in Surgut, which provides spare parts and rebuilt assemblies for the motor vehicles of transport enterprises. Minelektrotekhprom has begun the repair of surface electric motors in Nyagani and is opening the same kind of point in Noyabrsk. Minstroydormash [Ministry of Construction, Road and Municipal Machine Building] has organized the exchange of excavator assemblies and cranes in Noyabrsk, Nizhnevartovsk and Surgut.

For our part, we are rendering essential assistance for the creation of service points, since we see in this an effective means of raising the efficiency of petroleum production.

Problems in comprehensive service maintenance are, however, being resolved more slowly and less completely than we would like. There are reasons for this.

The work of the oil industry as a raw-material sector depends to a decisive extent on the development of the production of equipment for it in other related ministries and departments. Minnefteprom is conducting much work with the workers of related industries on the creation and assimilation of the production of equipment, tools, materials, automation equipment, instruments and other technical equipment. It should be noted for the sake of justice that the overwhelming majority of the issues important to us are resolved in a positive manner. In essence, without the aid of Mintyazhmash, Minkhimmash, Minneftekhimprom [Ministry of the Petroleum Refining and Petrochemical



Industry] and other ministries and departments, the rate of development of the sector would be incomparably lower than that achieved.

Nonetheless it is necessary that the enterprises and organizations of the petroleum industry be retooled with modern new equipment at a more intensive rate. We feel an ever more acute shortage of several types of equipment, tools, instruments and chemical reagents. In particular, Minkhimmash produces an inadequate quantity of wrenches and elevators for compressor-pump pipes, elevators for sucker rods, wrenches for drilling and casing pipe and steel fittings. Mintyazhmash is expanding the production of large-capacity drilling rigs too slowly. The manufacturer-ministries do not always ensure the supply of tools and equipment in the planned amounts. Thus, Minkhimmash did not provide for the supply of pumping jacks by 21.9 percent and assemblies for well repair and assimilation by 10 percent in the first quarter of 1986. Greater reliability of the equipment supplied, which in a number of cases does not correspond to state standards, is required.

All of these facts confirm that not all manufacturer-ministries feel their responsibility for the technical retooling of the petroleum industry to a sufficient extent, although they were repeatedly called upon for this by the Machine-Building Bureau of the USSR Council of Ministers. I want to believe that in the soonest possible time, the situation will change, and this will make it possible for the petroleum workers to accelerate considerably the rate of production of the hydrocarbon raw material so essential to the country.

The employees of the country's oil industry in turn are doing much to instill order in their own "domain." Needed here first and foremost is a restructuring of the existing system for the creation, assimilation and incorporation of new equipment, for which it is urgently necessary to improve the economic mechanism of the management of scientific and technical progress. It is time to create well-defined nationwide regulations on the basis of which the development of innovations, their assimilation and series production and their utilization at enterprises would be equally advantageous for all participants in the work cycle regardless of their departmental subordination. Currently the ministries and departments evaluate the effectiveness of their "contributions" in different ways and make varying deductions for the incentive fund without regard for the concrete results of the work. In our opinion, a new principle for evaluating the effectiveness of equipment created must be established at the state level, and the economic saving from the utilization of the innovation on production must be placed at its foundation. It is namely from this saving that the incentive fund should be formed. A most important consequence of this solution will objectively be a real acceleration of both the "production" of scientific ideas and their realization in practice.

The success of the matter is greatly determined by personnel. Clearly understanding this, the sector staff has devoted most serious attention to the problems that are concentrated in such a capacious and precise concept as the human factor.

[Question] Could you dwell on this in more detail?

[Answer] I will begin with the fact that the realization of the CPSU Central Committee, USSR Council of Ministers and VTsSPS [All-Union Central Council of Trade Unions] decree "Improving the Wages of Scientific Workers, Designers and Process Engineers in Industry" is proceeding apace in our sector. The new wage conditions are being gradually incorporated at the largest mechanical and gas-refining plants, as well as 26 institutes and design bureaus.

The certification of staff members is being concluded at scientific research institutes and design bureaus, the improvement of the management structure and the combination of small structural subdivisions is coming to a close and other essential measures are being implemented.

Savings in the wage fund for the establishment of supplemental payments for the fulfillment of the most complex and crucial operations by scientific staff members, designers, industrial engineers and other highly-qualified engineering and technical employees, specialists and office workers will be obtained basically up to 80 percent through reduction personnel reductions.

We are striving to see that the criteria for work evaluation are everywhere the creative contribution of the employee to the fulfillment of the subdivision plan, the level of his creative activity, participation in the incorporation of developments into production, the economic saving from incorporation and the like, wherein evaluations according to these criteria are produced depending on the complexity of the tasks placed before the subdivision, institute or design organizations.

Specific work is also being conducted on the fulfillment of the USSR Council of Ministers and VTsSPS decree "Steps for Improving the Setting of Work Standards in the National Economy." Norm-setting encompasses 96 percent of the employees in the sector today, including the fact that the work of 94 percent has norms set according to technically based standards. The level of fulfillment of the norms totals 117.1 percent on average.

This work has been set up well in the drilling teams and the collectives of the oil production workers and the underground and capital repair of wells. Conversely, in the auxiliary production of a number of oil-producing associations and the metalworking, mechanical-repair and other subsectors, obsolete standards are still being employed. Hence their considerable overfulfillment--up to 160-180 percent--which inevitably leads to a lack of correspondence in the size of wages to the labor contribution of the workers. The plan of labor standards-research work for 1986 envisages the verification, correction and review of the whole labor standards base, and, in 1987, the organization of the incorporation of progressive standards materials.

It still cannot be said, however, that the state of affairs in this sphere has changed substantially. We hope that the transition to new conditions of economic operation and the planning of the wage fund according to stable standards per unit of end product will create a material vested interest in the improvement of labor norm-setting in labor collectives.

In December of 1984, the ministry, in conjunction with the Presidium of the trade union central committee of the workers of the oil and gas industry,

adopted a resolution on the widespread dissemination of the work experience of the Dnepropetrovsk Combine Plant in conducting the certification and rationalization of jobs. A lead institute (VNIIOENG [All-Union Scientific Research Institute of the Organization of the Management and Economics of the Oil and Gas Industry]) was defined, which developed systematic recommendations on these issues.

The certification of jobs in the industrial enterprises of the sector and the drilling rigs was basically completed last year. Of the certifications conducted in industry, only 59.5 percent of the jobs correspond to modern requirements. The rest will be eliminated or modernized. This year, the completion of certification and the rationalization of jobs at enterprises and drilling rigs, and in the remaining subsectors in 1987, is projected. The rationalization of jobs that is underway presupposes the comprehensive mechanization and automation of production processes and a reduction in manual labor through the reconstruction and incorporation of new and improved types of equipment.

At a number of sector associations and enterprises, the certification commissions are operating poorly. They are in no condition to coordinate this work in a qualified manner or to guide and monitor it systematically. Some chief engineers of enterprises, who should be heading up the work according to their position, have dodged this important matter. The ministry is actively uncovering and reacting in the proper manner to such negative instances.

We are devoting much attention to disseminating the experience of the Belorussian Railroad, which was evaluated highly at the 27th CPSU Congress and the June (1986) Plenum of the party Central Committee. Preparation for its incorporation at the Nizhnevolzhskneft Association and the Privolzhskoye Oil Trunk-Line Administration is currently being conducted. Based on raising the technical and technological level of production, improving the organization and setting of standards for labor, expanding the maintenance zones and combining professions and duties, the achievement of a substantial increase in labor productivity is projected, through which a considerable number of employees will be freed up. The wages of workers, engineering and technical employees and office personnel will thereby increase correspondingly.

The task of all the collectives of the sector, utilizing the experience of the recent work of the Nizhnevolzhskneft Association and the Privolzhskoye Oil Trunk-Line Administration, is to project measures for utilizing it taking into account their own production conditions.

The ultimate aim of all of this purposeful work is a radical restructuring of the mechanism of economic operation in the petroleum industry, an acceleration of the rate of its development, an increase in the efficiency of production and the conversion of all enterprises on this basis to the new methods of economic operation in 1987, which will be successful only in the case where these planning methods, employing controls and incentives, correspond to the modern day, where enterprises are granted the right to greater independence in the utilization of allotted resources and where the labor collectives participate more actively in resolving operational and social issues.



The coordination and unified purpose of the measures is achieved by the orientation of all echelons of the mechanism of economic operation toward the final national-economic results. The selection of a system of planning and evaluation indicators has fundamentally great significance for the fulfillment of this condition, since it is namely through them that the goals of production and the form of the link of the interests of the collectives of enterprises and associations of the sector and the whole national economy overall are determined. Currently the draft of the programs prepared for the conversion of the sector to new conditions of economic operation, as well as the new system of planning indicators, are aimed at coordination in the directive organs.

For the purpose of approving them in advance, the ministry adopted a resolution to convert, beginning in the second half of 1986, the Yuganskneftegaz [Yugansk Oil and Gas] and Udmurtneft [Udmurt Oil] associations, with all of their constituent enterprises, to the new system. Their rights in planning and operational economic activity were expanded and their responsibility was correspondingly strengthened. The conversion of these associations to full economic accountability and the self-financing of all expenses of the subordinate enterprises and organizations, with the exception of central capital investments, will be fundamentally new for the petroleum industry.

Raising the economic independence of associations and enterprises with the simultaneous strengthening of their responsibility for the end results based on the incorporation of genuine economic accountability, self-recoupment and self-financing and the establishment of the income levels of collectives from the efficiency of their work should become a key principle of the new mechanism of economic operation. Its incorporation, however, requires certain preconditions and preparatory work. It provokes alarm that in a number of associations, the qualitative state of the raw-material base has worsened sharply, which is leading to a reduction in profits, growth in capital investments and, consequently, an increase in expenses over income. In short, the anti-expenditure mechanism is not fully operative. The specific task has therefore been placed before all associations, enterprises and organizations of the sector of reducing the effect of natural factors on the economic indicators, opposing them with high organization and the highest labor productivity and production efficiency. The exchange of opinions that took place at the sectorial economic conference made it possible to develop specific measures for preparing to work under the new conditions. In particular, team forms of labor organization will be further developed and the number of profit-and-loss teams will be increased. There are about 8,000 of them in the sector now, roughly a quarter of the total number of labor collectives.

The development of team economic accountability is among the constant concerns of the sector staff. We understand well that by employing it, it is possible to ensure an economy of material and technical and labor resources in the primary structural subdivisions.

Today almost all drilling teams are working according to the method of team flow-through contract, and many rig-building teams and teams for well



assimilation are operating on contract. The Almetyevskoye UBR [Drilling Operations Administration] of the Tatneft [Tatar Petroleum] Association alone, where all 24 drilling teams are operating on contract, economized 749,000 rubles in 1985, through which economy they were paid bonuses of 92,700 rubles.

Certain experience has been accumulated in developing and raising efficiency in collective forms of labor organization in the Tatneft Association as well. Comprehensive, through and other teams operating according to the principle of economic accountability with payments according to end result and the distribution of wages with the employment of a labor-participation factor have been formed and are operating well. The development and improvement of team labor made it possible for the oil workers of the Tatar region to combine 48,400 people, or 73.5 percent of the workers, into teams of various functional designations. According to the results of work over the 11th Five-Year Plan, it was awarded the rotating Red Banner of the CPSU Central Committee, the USSR Council of Ministers, the VTsSPS and the All-Union Komsomol Central Committee. Over the last five-year plan, 1,550,900 tons of oil and 35 million cubic meters of gas above the plan was produced.

The work experience of the Tatneft Association was reviewed and approved by the USSR State Committee for Labor and Social Problems, was demonstrated at the "Team-85" intersectorial exhibit at the USSR VDNKh [Exhibition of the Achievements of the National Economy of the USSR] and was described in SOTSIALISTICHESKIY TRUD (1985 No 2).

The team form of organization and wages also became the principal one in the Bashneft [Bashkir Petroleum] Association, which to a considerable extent assisted the Bashkir oil workers in producing 2.96 million tons of oil beyond the plan in the last five-year plan and achieving one of the highest utilization factors of the existing oil-well stock in the sector--0.965--and the lowest number of workers per well in the sector--1.08. According to the work results of the 11th Five-Year Plan, the Bashneft Association was awarded the rotating Red Banner of the CPSU Central Committee, USSR Council of Ministers, VTsSPS and the All-Union Komsomol Central Committee.

In the Arlanneft [Arlan Petroleum] NGDU [Oil- and Gas-Producing Administration], 93.4 percent of the teams were operating under conditions of economic accountability by the end of 1985. The collective of the administration produced more than 1 million tons of oil beyond the plan in the 11th Five-Year Plan.

The best specialized team of this administration, headed by foreman A. Fakhrutdinov, began to maintain 213 wells upon conversion to economic accountability in the face of a sector standard of 100-120 wells. The output per worker totaled 15,100 tons per person here in 1985. Some 14,200 tons of oil beyond the plan was produced in the last five-year plan.

Our whole sector is following the example of these labor collectives.

[Question] The expeditionary-duty method has received widespread dissemination in recent years in the oil industry, and a certain experience has taken shape. What are its chief features?

It is typical of the country's oil industry that its productive capacity is disposed across a broad area, and facilities are at considerable distances from each other and are located in the open. In the 12th Five-Year Plan and subsequent years, the development of the sector will take place by and large through the start-up of new oil fields in the northern regions of West Siberia, West Kazakhstan and the northern part of the European part of the USSR. These regions are feeling a sharp lack of labor resources, while the difficult natural and climatic conditions are restraining the rate of construction and operational start-up of housing and cultural-welfare facilities. In this regard, the ministry adopted a resolution as early as the 11th Five-Year Plan, concurrent with the development of the capacity of local drilling organizations, to attract drilling enterprises from other regions of the country, organizing them according to the expeditionary-duty method, for the construction of wells in the fields of West Siberia and the northern part of the Komi ASSR.

The greatest volume of work carried out by duty collectives falls to Tyumen Oblast, where they carried out more than a third of the total volume of drilling operations last year.

Today some 40,000 people are working according to the expeditionary-duty method in the sector, including 35,300 in Tyumen Oblast. Aside from the West Siberian regions, this method is being employed in the northern parts of the Komi ASSR, the western part of Kazakhstan and in the Georgian, Armenian and Turkmen union republics. Besides the drilling of oil wells, which occupies 18 administrations, the duty teams are carrying out current and capital repair of wells and are executing truck transport, rig construction and back-filling operations.

In West Siberia, the Mirenskoye Drilling Operations Administration is working well according to this method, and has achieved the highest drilling footage per year--more than 1 million meters of rock. The administration's experience has been approved by the ministry collegium and widely disseminated across the whole sector. The success was achieved here through organizational work on raising the technical and economic indicators, the selection and training of personnel and the creation of favorable conditions.

The work indicators of duty teams are being raised continuously. Many drilling collectives have reached an annual footage of 60,000 meters and more.

Currently we are seeking ways of further improving the organization and wages of duty-team workers and raising their effectiveness, as well as disseminating the experience of leading enterprises and concerning ourselves with the improvement of living conditions.

The policy being implemented by the ministry is aimed at a transition from inter-regional duty-team movements to intra-regional ones. For this it is necessary to resolve a whole series of serious socio-economic problems.

[Question] Do you have in mind the creation of the appropriate infrastructure in the new oil-producing regions of the country?

[Answer] Yes, in discussing the development of the expeditionary-duty method, one should dwell especially on the program of Minnefteprom for improving the social and living conditions of oil workers and their families. After all, the assimilation of oil-bearing regions assumes the consolidation of personnel on the spot and the creation of the appropriate conditions for them.

In the 11th Five-Year Plan, the volume of housing, kindergarten and school construction increased 2.1-2.7 times compared to the preceding five-year plan. This rate will be further increased in this one. In 1986-90, the construction of residential housing with a total area of 10.7 million square meters is envisaged, which exceeds the amount of residential construction in the last five-year plan by 1.3 times.

Especial attention is being devoted to the construction of youth facilities and dormitories for small families. The introduction of kindergartens and day-care facilities in the amount of 77,500 places is envisaged for the 12th Five-Year Plan (twice as much as 1981-85). The number of pupil places will almost double. Much must be done to improve the health of the workers and their leisure; they must have the opportunity to take part in physical activities and sports. The number of clinics and hospitals will increase.

The trade services for oil workers and their families will be improved substantially, a considerable increase in commodity turnover is projected and the role of workers' supply organizations is growing.

The steps being taken by the ministry have appreciably improved the supply of consumer goods for the oil workers, especially those working in West Siberia. Considerable additional commodity resources have been obtained recently. More than 20 types of services are rendered to the customers at the trade enterprises of oil-worker cities and towns, which permit a time saving for the acquisition of purchases, raising the service climate.

We devote tireless attention to the development of public catering. Currently 96.5 percent of the oil workers are provided with hot food right on the work sites under field conditions. They are served by 3,650 hot-food stations, the number of which will reach 4,000 by the end of 1986. Their network is being rapidly expanded in West Siberia.

The sovkhoses, private subsidiary farms and livestock feeding stations operating within the sector system are a great help in providing foodstuffs for the oil workers. Much work has been done on developing them and strengthening the material and technical base. There currently exist 36 sovkhoses, 127 private subsidiary farms and 71 livestock feeding stations in the sector. Greenhouses with a total area of 540,000 square meters have been built to cultivate fresh vegetables.

Great tasks have been placed before the agrarian part of the sector for the 12th Five-Year Plan. The ministry and the sector trade-union central

committee envisage production increases of 36 percent in meat, 32.9 percent in milk and 14.3 percent in vegetables and melons, including 48 percent from enclosed soil, in 1986-90 compared with the 11th Five-Year Plan.

We see that concern for people reduces personnel turnover and losses of work time and facilitates growth in labor activeness and labor productivity.

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All of the tasks standing before the oil workers of the country are important, but the paramount one requiring resolution in the shortest time is raising the level of organizational and political work with the people and the role of labor collectives, implementing strict order in production, developing the creative initiative of the workers and restructuring thinking itself.

Appearing at the June (1986) Plenum of the CPSU Central Committee, CPSU Central Committee General Secretary Comrade M.S. Gorbachev noted that "we have entered that phase of post-congress activity when we must display knowledge of how to build and rebuild and seek out new forms and methods, not being seduced for a minute by what has been achieved. Today the chief criterion for evaluation is becoming the achievement of a dynamic rate of economic development, high efficiency indicators and serious positive changes in the social sphere. We will be judged not only by our intentions, but first and foremost by real changes in society and by practical results."

These words also apply fully to us, the oil workers, who are called upon to bring the sector to qualitatively new levels in the shortest possible time.

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## LABOR

### PAPER INTERVIEWS GOSKOMTRUD CHIEF ON LABOR ISSUES

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 4 Oct 86 pp 2-3

[Interview with Ivan Ivanovich Gladkiy, chairman of the USSR State Committee for Labor and Social problems, by Yu. Chaplygin, SOTSIALISTICHESKAYA INDUSTRIYA editor for the section economy and propaganda department: "Priorities of Social Policy." First paragraph is SOTSIALISTICHESKAYA INDUSTRIYA introduction.]

[Text] The 27th CPSU Congress' course of acceleration of the country's social and economic development provides for the implementation of an active social policy and consistent affirmation of the principle of social justice. What are the priorities of this policy in the current five-year plan and how are they reflected in the practical work of the USSR State Committee for Labor and Social Problems? The interview began with this question by SOTSIALISTICHESKAYA INDUSTRIYA economics and propaganda department editor Yu. Chaplygin for Chairman of the State Committee for Labor and Social Problems I. Gladkiy.

#### Reorganization of Labor

[Answer] We attach the utmost importance to the solution of social problems in the sphere of labor -- man's chief sphere of life and activity. To create for him favorable work conditions, to help him fully disclose his capacities and to support the creative aspirations of everyone -- such, if one may so call it, is the "supertask" of social policy at the present stage.

[Question] We have somehow become used to having all social problems solved through the means of the state.

[Answer] Now collectives must earn funds to raise energetically the living standard of all their personnel and members of their families.

[Question] It must be supposed, Ivan Ivanovich, that they assume a considerable portion of the concerns for change in the chief sphere of labor?

[Answer] Of course. And where is it if not in the collectives, that they know best of all how to increase the work content and collectivist character of labor, to achieve a decisive reduction of heavy physical labor and to

secure growth of its productivity? There is only one way to go here -- through radical changes in the production technical base. It is necessary to carry out certifications energetically and get rid of ineffective work places. Unfortunately, at many enterprises this work is done formally. A significant number of work places are certified with serious deficiencies in production and labor organization. Our specialists saw this kind of picture in the Ukraine at 40 inspected machine-building enterprises. But I sometimes hear: Let's wait until robots, flexible automated systems and rotary conveyors appear. We should not wait but determine what can be done with one's own resources. And a lot can be done. The experience of a number of enterprises shows that from one-third to two-thirds of manual labor operations are being eliminated with the enterprises' own resources, with the help of small-scale mechanization equipment.

[Question] At many enterprises today, brigade forms of labor organization and stimulation are now being actively developed. But in this work, there is much in the way of confusion, amateur work and distortion, and petty surveillance by ministries is strong. Will not the fate of the "Shchekino method" happen to the progressive brigade forms?

[Answer] I would not make such comparisons. The "Shchekino method" provided the impetus for modern forms of labor organization and stimulation. Approximately three-quarters of the workers of industrial associations are now in brigades. But their effectiveness so far has been small. At a number of ministries, the turning point is not being reached in this matter. Frequently, both at ministries and at enterprises, thoughtful, painstaking work is being replaced by pursuit of numbers of brigades. This discredits the idea and does not permit displaying in full measure all the advantages of the new form of labor organization. We are directing ministries and enterprises to brigades of a "new type" based on the principles of cost accounting and the contract with pay based on end results. I refer to modernization of the actual collective forms of labor organization and pay. Specifically, the task is to spread the contract to all sectors, shops, associations and enterprises. This is the perspective trend.

[Question] Changes in the sphere of labor are due not only to change in its content but also to the formation of a rational employment structure. For certain groups of the population, more flexible forms of employment would be desirable -- for example, a short workday, a short work week.

[Answer] Part time employment has long attracted attention. But this question is being solved slowly -- in my view, because economic managers poorly use its capabilities and are little interested in it. At the present time, part-time employment among us includes half a percent of the total number of workers and employees. Yet surveys show that one-third of the women staying at home with children would go to work with a short workday.

[Question] Does such a form of part-time employment as holding two jobs produce good results?

[Answer] The USSR State Committee for Labor and Social Problems has been conducting an experiment for almost 2 years in Chelyabinsk Oblast on the use

of holding two jobs both within an enterprise and among enterprises. We shall expand this experiment. Now we are looking for approaches to developing the two-job idea in the areas of personal services and municipal services.

### Restructuring Wages

[Question] There is still another important social problem -- overcoming wage leveling in all its forms and manifestations. Our readers are outraged that the existing wage system makes it possible for different pay to be obtained for identical work. What measures, Ivan Ivanovich, are being taken by the State Committee for Labor and Social Problems in this direction?

[Answer] This dissatisfaction is valid because the present wage system does not fully take into account amount and quality of labor and its conditions and results. Sociological surveys have shown that most personnel who were surveyed -- 90 percent of managers and 85 percent of workers--believe that under other wage conditions, they could work with considerably bigger return. Measures for improving wages have been worked out.

[Question] Would it be possible, Ivan Ivanovich, to comment on the principal directions of the new wage organization?

[Answer] I must emphasize that improvement of wages in industry and in other production sectors will be carried out on a new economic basis--not through the state budget as formerly but basically with the resources of enterprises and within the savings limits of the wage fund.

For workers, wage rates are being raised 20-25 percent. Among them, those who work with new special-purpose and complex equipment, or service flexible automated systems are singled out with regard to pay. In order to motivate more workers to upgrade their skills, the difference in wage categories has been increased and differentiated increases are being introduced to wage rates for occupational skill. To whomever belongs to the third category, the increase could be as much as 12 percent. For each subsequent category, the maximum size of the increase amounts to 4 percent. And workers in the sixth or higher categories can get a maximum increase of 24 percent to the wage rate. But I must point out that these increases will be paid only to those workers who consistently put out products of high quality, master new occupations and assume associated functions.

[Question] Our paper has repeatedly spoken out in regard to the decline in the prestige of engineering work. One of the reasons is serious violations of its pay scale. Will this state of affairs be rectified?

[Answer] Salaries of engineers are being raised 30-35 percent, that is more than the average for workers. And this is justified: acceleration of scientific and technical progress depends on the contributions of engineering and technical personnel. But let me note that the new structure of their salaries has become more dependent than at present on work results, development of skills, quality and complexity of performed work. For this end, the salary spread has been widened and four engineering categories instead of the two, as at present, have been introduced. A VUZ graduate

starts with the position of "engineer." The minimum salary for this position will not be lower than 130 rubles per month in all production sectors. Then with improvement of skill, he becomes an "engineer of category II," then a "category I engineer" and a "leading engineer." Moving along this "plane," the size of his salary may reach 230 rubles, for example, in machine building and for a technologist or a designer whose work directly determines acceleration of scientific and technical progress--a still more significant size. And this without taking into account bonuses and increases. Increases alone for specialists can reach half of one's salary for high achievements in work.

[Question] I would like to remind you that salaries of enterprise directors have not been increased for more than 30 years. Cases are frequent where the earnings of some workers exceed the pay of a director. Isn't this in fact a violation of the principle of social justice?

[Answer] Yes, this principle was violated in the given case. In order to eliminate such disparities, the salaries of directors will be significantly raised with the introduction of the new wage conditions.

[Question] SOTSIALISTICHESKAYA INDUSTRIYA has raised the question of revision of criteria for putting enterprises in one or another group with regard to the pay of managerial personnel.

[Answer] These criteria were changed. The size of the personnel staff has been excluded everywhere from them. The role of such indicators as production quality, labor productivity, production automation level has been increased. If indicators approved for enterprises and their subdivisions of the first group are to be raised by no less than two times, the salary scales of managerial personnel will be increased by 15 percent.

[Question] And what about sanctions for poor work?

[Answer] They also were introduced. Furthermore, a worker of any level could be made to answer for poor work. Workers who consistently do not fulfill requirements with regard to quality of production can have increases for occupational skill taken away and wage categories lowered. In case of deterioration of work based on results of certification, specialists can have their salaries and position level reduced. If an enterprise consistently fails to fulfill basic planned tasks and puts out products of low quality, its managerial personnel will be temporarily transferred to a lower pay group.

Let me point out one important consideration. The increase in wage rates and salaries in no way means that the wages of each person are raised automatically by such amounts. If a worker is conscientious, exceptional, a master in his metier, it may increase even more than designated. Here no one limits any one. The principle of social justice requires that each one truly receives without withholding precisely according to his labor rather than on the basis of how much he can be credited. Only in this way will a firm foundation be laid for the further intensification of personal material interest in the work results of an individual worker and the collective as a whole.



## The Bonus--Not an Increase But a Reward

[Question] Clearly, the new rates and salaries, although they are an important part of restructuring the wage organization, are still only a part. I would like to discuss the problem of bonus awards. We have already been saying for a long time that at many enterprises and organizations, the bonus has been transformed into a mechanical increase to the wage and has lost its stimulating role....

[Answer] Unfortunately, this is so. The connection to outstanding work results has been lost. The bonus system is surrounded with such provisions and conditions, that things have long been confused in it. Today, one does not ask "what was the bonus for?" We have become habituated to the bonus, and people remember it only when they unexpectedly are not paid it. It is time to put an end to that. Every worker must definitely know: the bonus is a reward.

[Question] What changes have been introduced in the terms of bonus awards for this?

[Answer] I would like to say outright that some isolated changes are not simply being introduced but rather that the entire operative procedure of bonus awards is being radically changed. Bonus systems are aimed at the adoption (and I emphasize this) and fulfillment of intensive plans, 100-percent observance of contractual obligations for delivery of products, raising labor productivity, reduction of production cost and the attainment of high end work results.

[Question] Bonus issues have always been rigidly regulated by central organs. It reached the point where they scheduled who would be rewarded and how....

[Answer] Such a practice is being eliminated. Enterprises themselves will work out and enact regulations on awarding bonuses to workers, specialists and employees based on concrete conditions of production and the tasks facing organizational units.

I would like to underscore two fundamental innovations. First, the transition from individual bonus awards, that is from awarding bonuses to an individual worker, to awarding bonuses to collectives of brigades, sectors and shops for end work results. The bonuses earned by these collectives are at their full disposal and are distributed, taking into consideration the labor participation coefficient. Second, within the limits of the sums earned, all maximum amount restrictions on bonuses are being removed for the most outstanding workers.

I also want to point out that the principle of collectivity in crediting bonuses applies to specialists and employees. The chief condition is 100-percent fulfillment of contract deliveries.

A procedure is being introduced in awarding bonuses according to special systems. The pernicious practice is being abolished whereby enterprises

consistently do not fulfill production targets while managerial personnel are paid bonuses according to special systems, practically without limitations.

[Question] What problems can be seen from the introduction of the new procedure of wage organization?

[Answer] First of all, we need to close any loopholes for the acquisition of unearned money and to extirpate any elements of wage leveling hurting the interests of conscientious workers. Another problem is the psychological readiness of heads of scientific and design organizations and industrial enterprises to search for and locate internal reserves for improving and raising pay. Many still hope for subsidies on the part of the state. There will be none. They need to learn to live better through improvements in their work. The third serious problem is the quality of norm setting and mass transition to progressive and technically valid norms.

[Question] Let us talk plainly: revision of norms always or in most cases has always run up against either open or hidden opposition of workers. And this is understandable. Nobody wants to have his norms made too stringent and to be made to work more intensively for the same or lower pay. For this reason many workers simply withhold their reserves: why, they say, should we put out all we've got only subsequently to have the norms cut anyway.

[Answer] The solution to the existing situation is well known: norm revision will have to be implemented simultaneously with certification of work places. If, in the period between certifications, a worker overfulfills the norms because of his occupational skill, he will receive the full-size wage. If a piece-rate worker has changed over to progressive norms, his wage rate will be increased by 20 percent, while for a time-rate worker, such a wage rate will be increased by 10 percent. For initiating revision of norms, a worker should be rewarded with a one-time bonus from the 6-month savings account. For this same amount of time he can get a supplementary payment for mastering the new norms prescribed, following the implementation of technical and organizational measures. Thus the psychological fear of norm revision is removed. I especially want to emphasize that establishment of order in labor norm setting will be considered as one of the basic criteria of enterprises' readiness for the introduction of new rates and salaries.

#### According to the Principle of Fairness

[Question] Ivan Ivanovich, the editors' mail has many letters concerning defects in the organization of social security. Our readers are particularly disturbed by the position of pensioners.

[Answer] A change is contemplated to increase minimum pension sizes on the basis of age and disability, for workers and employees as well as the earlier assigned pensions for kolkhoz farmers. Recently a decision was adopted on supplementary benefits to war veterans and families of killed fighting men.

[Question] Our readers raise the question of social justice in the allocation of pension benefits. First of all, they are concerned with the establishment of a closer connection between the size of the pension and the concrete labor

contribution of each worker to public production. When designating pensions, one should fairly treat labor veterans who have made a major contribution to the development of our country and who have bore the severity of the war years and the postwar restoration of the national economy.

[Answer] They are right to raise this question. According to operative conditions, it is enough to complete a minimum length of labor service to receive a full pension on attaining the proper age. And the same identical pension is granted to those people who have significantly better than exceeded this length of service.

It is now time to revise the maximum size of pensions which are increasingly disproportionate to wage growth. It is necessary to introduce changes in the procedure to compute pensions. It is no secret that there are numerous cases of an artificial increase of a worker's earnings in the last year of his work before going on pension. We receive numerous critical letters from workers with the demand to abolish computation of pensions on the basis of the last year of work and to take into consideration a longer period of time.

Recently, the CPSU Central Committee's Politburo adopted a decision on the preparation of a new Law on State Pensions. Currently this work is getting under way. We will have to solve in its course these and other pension problems.

[Question] One last question, Ivan Ivanovich. It concerns active demographic policy.

[Answer] During the last 5-year plan, as you know, a decree of the USSR Council of Ministers and the AUCCTU was enacted on measures for increasing state aid to families with children. These measures have played a definite role in changing the demographic situation. At the party congress, as you will recall, delegates energetically supported the proposal on increasing the length of partially paid leave for child care until the child reaches one and a half years of age. This proposal was implemented. There are also plans to increase the length of preconfinement leave for working women to 70 calendar days and to grant up to 14 days of paid leave for care of a sick child. In this 5-year plan we are to raise the age of children for whom an allowance is paid to families with inadequate means of support from 8 to 12 years, and we are to provide free medicines for children under 3 years of age. The share of outlays by the state, associations and enterprises for childcare will grow roughly from 22 percent at this time to 40-50 percent by the year 2000.

[Question] But so far the greater portion of the material costs/expenditures for childcare is still borne by the family. A person with 5 children and a person with a single child with the same pay are in different material positions.

[Answer] State assistance to large families will be expanded. Evidence of this can be seen in the recently adopted measures for providing assistance to families with three or more children being reared by single parents, and without adequate means of support. Such children, beginning next year, will be issued free school, pioneer and sports uniforms, breakfasts and passes to

pioneer camps and sanatoriums. There will be stronger control over the production and sale of goods and wares for children, with strict observance of state price policy for these goods.

In conclusion, I would like to stress that the successful realization of the measures outlined by the party in the field of social policy is directly tied to the solution of economic problems, and not just at the state level. The social development of labor collectives--provision of workers and members of their families with housing and the solution of problems of organization of healthcare and leisure time, assistance to young and large families and much else--directly depends on the results of their labor. This means that in restructuring the social sphere and raising the level of the people's well-being, each one has to find his place.

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## LABOR

### STATE COMMITTEE CHAIRMAN CLARIFIES INDIVIDUAL LABOR LAW

PM071820 Moscow PRAVDA in Russian 29 Nov 86 First Edition p 3

[Interview with I.I. Gladkiy, chairman of the USSR State Committee for Labor and Social Problems, by TASS correspondent V. Petrunya: "Who Stands To Gain"; no place or date given; first paragraph is PRAVDA introduction]

[Text] The USSR Law on Individual Labor Activity, which was adopted by the country's Supreme Soviet, aroused lively public interest. Naturally, quite a few questions arise as regards the practical implementation of this state act. Several of them are discussed in a conversation with I.I. Gladkiy, chairman of the USSR State Committee for Labor and Social Problems.

[Petrunya] The law has been published. It is precise and clear. It is an effective instrument for the legal regulation of individual labor activity, which used not to be encouraged but existed nevertheless. This type of activity by the population now comes under state control and is recognized as socially useful. To what extent is such activity compatible with the principles of socialism? Of course, we have no intention of entering into polemics with THE WASHINGTON POST, which recently published an article beneath the unambiguous headline: "Soviet Union Passes Law Allowing Limited Private Enterprise, Calling This Socialism..."

[Gladkiy] The passing of the Law on Individual Labor Activity is aimed primarily at making fuller use of labor resources and developing citizens' initiative and interest in socially useful labor. It is evident that, on the one hand, a new source of additional income emerges for those engaged in individual labor and, on the other hand, there will be an improvement in the provision of goods and services for the population.

The measures that have been adopted--no matter what bourgeois newspapers may say--do not mean a return to any form of private enterprise activity. First of all the law has been elaborated in line with citizens' constitutional rights. It is well known that Article 17 of the USSR Constitution allows individual labor activity in the sphere of handicraft and artisan activities, agriculture, and consumer services to the population, together with other types of activity based on the individual labor of citizens and members of their families.

A further point. The law's provisions accord fully with the principles of socialist economic management. As always, social production has been and remains the main source for satisfying Soviet people's constantly growing needs for goods and services. Paramount attention is paid to its further development. Individual labor activity in our country totally precludes the use of hired labor and the exploitation of man by man. Finally, the state reserves for itself the function of regulating individual labor activity, which ensures its utilization in society's interests.

[Petrunya] Both the letter and the spirit of the new law are imbued with activeness and encouragement for the interested use of individual inclinations and skills to the benefit of society. In other words, it seems to invite the honest and productive realization of the vocational potential contained in people outside the framework of their main work. All deputies, including ministers, voted unanimously for it on behalf of the people. Do you think they will feel that this was the end of their contribution to this interesting and useful innovation?... After all, various distortions and unhealthy desires to find loopholes will be inevitable without serious material support for this new venture... How can this be countered except, of course, by purely prohibitive measures?

[Gladkiy] The task of creating machinery for implementing the law's provisions definitely comes to the fore now that the law has been passed. The foundations for such machinery have been laid in the law itself. For example, all unjustified restrictions on the pursuit of socially useful types of individual labor activity are lifted.

Furthermore, the law assigns directly to local Ispolkoms, enterprises, and organizations the function of rendering various assistance to citizens engaged in such activity, including in the acquisition of raw and other materials and other property, in the sale of output produced, and in the rental of nonresidential premises. Gosnab organs will supply such citizens with the necessary material and technical resources. Provision has also been made to enable persons engaged in individual labor activity to take out loans.

The citizens in question will be given every encouragement to enter into contractual relations with state enterprises and organizations and to unite in cooperatives, voluntary societies, and partnerships.

[Petrunya] How is the mental barrier of ill-will to be overcome? A scornful attitude toward such labor has developed in our country over the decades. "Private operator," "Moonlighter," "shark," "grafter"--you have to agree that these are not very pleasant additions to our modern vocabulary. And the danger here seems to be not so much a sullen social atmosphere--it can be quickly dispersed. The danger is the same old-fashioned approach which was displayed by some leaders--and not just at the lowest level--toward the development of subsidiary farms. Mental inertia is a real and dangerous force. What "reserves of strength" are built into the new law to overcome it?

[Gladkiy] A legitimate question. Sluggish thinking and inertia in work can ruin any new venture that is useful to society.

First, the law per se is a law for everyone, regardless of official position or location. Law enforcement organs are responsible for the observance of legality in our country.

Second, the whole purpose of passing the law is, via a uniform and comprehensive normative act taking into account modern conditions and society's needs, to resolve all questions of regulating individual labor activity and to eliminate discrepancies in legislation on this question. Incidentally, instances of the unjustified infringement of citizens' rights to earn additional income through honest labor largely stem from the absence of such a uniform legal document.

Third, Soviets of people's deputies are given broad rights to regulate individual labor activity. They issue permits to engage in such activity and monitor the observance of established rules. This makes it possible to show initiative right there at local level and to take citizens' needs more fully into account.

And fourth, any refusal to issue a permit to engage in individual labor activity is subject to appeal by citizens to a higher-ranking ispolkom or the union republic council of ministers.

[Petrunya] But the following situation should also be considered. An individual contractor, entering into an agreement with a private citizen, could think: I used to do this work for a specific sum which went straight into my own pocket but now I have to pay taxes out of it, so come on, chief, compensate for this loss. What is the "chief" to do when the demand for many services significantly outstrips supply?

[Gladkiy] Your question presupposes that the consumer is dealing one-on-one with an individual contractor. But this is not altogether correct. As I have already said, social production has been and still remains the main source for satisfying consumer demands for goods and services.

Major measures are currently being implemented in connection with the implementation of the Comprehensive Program for the Development of Consumer Goods Production and the Services Sphere in 1986-2000. The economic machinery and the forms of labor organization and incentives in sectors producing goods for the rendering services to the population are being improved, and a struggle is being waged to improve their quality, variety, and availability. The easing of shortages by the public sector will also influence the cost of goods and services produced by individual labor.

An important role must also be played here by a considered taxation policy. Higher tax rates will, on the one hand, undermine incentives for individual labor while, on the other hand, they will encourage the setting of unjustifiably high prices for goods and services produced by individual contractors. Some work still has to be done on this.

[Petrunya] You, Ivan Ivanovich, must be, so to speak, an ex officio optimist today. Even so the law will probably be unable to solve the problem by itself. Interest must be shown here along the entire front, at all levels. Only then will it become possible to make a real addition contribution toward the fuller satisfaction of public needs for goods and services...

[Gladkiy] I agree. Interest must exist at all levels. And here we expect assistance from the mass news media. I think that the press, radio, and television can make a great contribution to this work by means of purposeful propaganda of instructive experience of the law's implementation at local levels.

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## LABOR

### WAYS TO REGULATE UNEARNED INCOME ABUSES EXAMINED

Moscow EKONOMICHESKIYE NAUKI in Russian No 11, Nov 86 pp 63-70

[Article by O. Osipenko, candidate of economic sciences: "Unearned Income and the Forms of Its Manifestation"]

[Text] Maintaining dependable control over compliance with the yardsticks of labor and with the yardsticks of consumption was called one of the most important tasks of social policy at the 27th CPSU Congress. Decisive eradication of unearned income requires development and implementation of a system of economic, organizational and legal measures aimed at eliminating the very foundation of this phenomenon, which is incompatible with the principles of socialism. Hence follows the undebatable importance of determining the substance of unearned income, the places where it arises and its principal forms.

Economic science actually ignored this problem for a long time. It was believed that "unearned income" was a strictly legal concept and that its interpretation was within the competency of legal scientists and police organs. As a result a one-sided definition of unearned income arose and developed. With time, it grew more and more at odds with reality. How was this one-sidedness manifested? First of all in the clear domination of legal criteria for interpreting this concept, not only in the legal but also in the economic and general sociological literature; second, as exaggerated faith in administrative means of preventing and doing away with these phenomena, and as understatement of economic and organizational measures.

The traditional approach to defining unearned income is based on two of its characteristics: 1) The individual contributes none of his own labor; 2) laws are violated--that is, the particular phenomenon in the sphere of distribution is contrary to the law, it contradicts the law. In this case the second characteristic was used as the main criterion to define "unearned income."

In my opinion the limited nature of this approach manifests itself in several ways. First, the capacity of legal rules for accurately and promptly reflecting changes in the real economic structure of the society is exaggerated. In recent years for example the population has turned noticeably to individual forms of labor, and especially what is called private practice

(tutoring, medical consultation services etc.), the legal description of which has fallen far afield of the way things really are. But we can hardly recognize income from such activity (it is received by large numbers of people) as unconditionally unearned income. Second, in this approach the way itself income is assessed as being unearned is not entirely definite: For example in the cases discussed above, the problem usually lies not with the fact that income is earned in the absence of labor but rather by the fact that it is too great for the amount of labor contributed--that is, some specific fraction of this income is unearned, and determining this fraction is always an extremely difficult task. Finally, in my opinion some forms of income that raise no legal objections may be defined quite rightly as unearned income: interest on savings accounts, inheritances, winnings from various lotteries and from race tracks, and so on. The person who receives such income violates absolutely no laws at all, but nonetheless he acquires income for which he did not have to work.

It seems to me that the growing frequency of some undesirable phenomena in the distribution sphere during the 10th and the beginning of the 11th Five-Year Plan and economic practice itself are making a new approach to interpreting the "unearned income" concept necessary. We need a definition that could serve as a dependable foundation for the practical efforts to ensure correspondence between the yardsticks of labor and the yardsticks of consumption. The 27th CPSU Congress spelled out this approach when it explained the objective of social policy in light of acceleration of our country's social progress, and when it posed the task of implementing, to the fullest, the principle of social justice in the distribution of life's blessings.

Two points are of fundamental significance in this regard. First, the 27th CPSU Congress called eliminating earnings that do not correspond to the labor yardstick one of the most important social objectives: "The party attaches fundamental significance to decisive eradication of unearned income..." emphasizes the new edition of the CPSU Program (1). Second, this objective is also considered within the context of improving the distribution relationships of socialist production (2). These principles enjoyed comprehensive development in decrees of the CPSU Central Committee and the USSR Council of Ministers, as well as in a ukase of the Presidium of the USSR Supreme Soviet titled "On Intensifying the Struggle Against Unearned Income."

In particular a decree of the CPSU Central Committee emphasizes in this regard that eradication of unearned income that is alien to the nature of socialism is an important political, socioeconomic and educational task (3).

The traditional definition of unearned income may be refined by considering the need declared in party congress documents for restructuring the distribution mechanism and the principles, stated in the CPSU Program, of developing a sense of personal ownership of state property in each worker, of intensifying measures to protect socialist property, of halting all attempts to use it for self-interested purposes, and of eradicating ways of acquiring wealth which are alien to socialism. It seems to me that the boundaries of unearned income must be determined from a broad socioeconomic perspective: In my opinion any individual income which involves violations of the objective

economic laws of socialism and associated deviations in distribution relationships both in social production on one hand and in the sphere of individual labor and the public's bartering activity on the other should be treated as unearned income. From my point of view this approach to defining "unearned income" reveals the economic content of the concept. Unearned income is first of all the product of a violation of economic laws. On the other hand legal science, it seems to me, should use the concept "illegal income" which is different from unearned income.

There is important theoretical and practical significance to classifying unearned income. In my opinion the classification should be based first of all on the places from which such income is derived (its origins), and second on the degree of social danger presented by the corresponding processes. I think that this approach also predetermines the means of resolving any contradictions (legal, financial, economic) that may arise with the appearance of unearned income. On this basis we can distinguish two basic groups of unearned income involving violation of the economic laws of socialism and deviations in distribution relationships: unearned income in social production; unearned income in individual labor and in the public's bartering activity. The following subgroups should be distinguished within each of these groups: 1) income derived owing to phenomena which not only make this income unequivalent to the work invested but also which violate socialist social relationships in general; 2) income involving violations of the conditions of economic activity (price inflation, violation of the rules of writing off material valuables and so on). In contrast to income in the first subgroup, compensation of this unearned income is foreseen through the mechanism of economic liability; 3) unearned income which is derived because the existing wage systems do not fully reflect the principle of achieving an optimum combination of distribution with respect to labor and distribution with respect to cost, and which does not foresee any kind of liability.

Let us examine the first subgroup of unearned income in social production. It includes income obtained as a result of misappropriation, bribery, extortion, fraud, private enterprise, mediation, violation of trade rules and so on. These forms of extracting unearned income have been illuminated well in periodicals and discussed thoroughly in the legal literature. I would like to simply recall that unearned income can also be obtained by falsifying an enterprise's accounting data, by undermining accounting and control functions, and by submitting inflated claims of work done, which makes income exceeding the real labor outlays possible. For example falsification of accounting indicators can cause the wage fund to increase without a corresponding increase in labor outlays, such that workers may receive unearned income in the form of wages and bonuses.

In some cases unearned income is not simply a "by-product" of falsifying accounting data with the purpose of creating the illusion that the plan is being fulfilled: sometimes it is the primary objective. In motor transportation for example, imperfections in accounting and control and in the system of indicators used to evaluate work done (the "ton-kilometer" is the main culprit among these indicators) can be a factor that makes cover-ups easy. Drivers obtain unearned income of sizable proportions in this way. Just the preliminary results of the economic experiment being carried out in



some transportation enterprises confirm the high effectiveness of using economic methods to eliminate the practice of making excessive claims for work done. According to the terms of this experiment, the "vehicle ton-hour" indicator, calculated on the basis of progressive norms, was the principal criterion for the work effectiveness of the driver and the enterprise.

But the practice of using administrative methods, which dominates in the practice of the national economy, can in my opinion do much to delay the effort to eradicate exaggerated claims of work done. Thus such claims were revealed in half of all of the enterprises inspected in the USSR Ministry of Construction Materials Industry. Over 1 million rubles of wages and bonuses were paid at 48 enterprises as a result of falsification of accounting data, with 207,000 of this amount going to executives. Reports were falsified in the 11th Five-Year Plan by enterprises of Selkhoztekhnika and the USSR Ministry of Petroleum Refining and Petrochemical Industry, by personal service, communal housing and motor and rail transport enterprises, and in construction organizations. Excessive claims for work done were revealed in some republics at many of the enterprises and organizations inspected in these sectors (4). Additional measures aimed at halting eyewash and excessive claims are foreseen in the USSR Council of Ministers decree on intensifying the struggle against unearned income. Special attention is being devoted to full compensation for losses inflicted upon the state by illegal payments of bonuses and other rewards in conjunction with excessive claims for work done--that is, to economic measures (5).

This unearned income group should also include manufacture of products of unacceptable quality, for which strict legal sanctions are also established. But even in this case the legal measures to combat this problem are limited. First of all liability for manufacturing products of unacceptable quality extends only to industry. And yet, failure to meet standards and income derived from poor quality work are important problems in many other sectors as well. Thus up to 45 percent of the housing built in the RSFSR was accepted for operation with only a satisfactory score in the 11th Five-Year Plan as a result of deviations from the plans and violation of construction regulations (6). Second, legal sanctions are foreseen only in the case of systematic (or sizable) manufacture of products not corresponding to All-Union State Standards. Moreover a quantitative definition has not yet been agreed upon for exactly what systematic or sizable manufacture of such products means. This is why severe legal measures do not work in a number of cases. In Georgia for example, where the proportion of unacceptable products was 28 percent as of the end of the five-year plan just at enterprises of the Ministry of Local Industry alone, criminal law was applied to only four cases of waste in 1984-1985 (7). Third, those directly responsible for manufacturing unacceptable products are hardly ever required to compensate for unearned income. Even in industry, which enjoys the greatest legal protection against production of nonstandard products, those responsible for waste compensate for not more than 2 percent of the loss resulting from manufacture of products of unacceptable quality. In this case the average fine imposed on such persons is only 23 rubles. And yet it was emphasized during the 27th CPSU Congress: "Fundamental measures excluding production of unacceptable articles and poor quality goods are necessary. This will require implementation of the entire force of material and administrative influence,



and utilization of our laws. There is also apparently a need for adopting a special law on product quality" (8).

Unearned income in social production, which I placed in the second subgroup, involves violations of the rules of economic law. Besides income from nonsystematic manufacture of unacceptable products, this subgroup should also include the earnings of workers responsible for excessive losses in production and distribution, and a certain fraction of monetary income that is a consequence of capitalizing on increases in state prices.

The USSR Council of Ministers decree on measures directed against unearned income treats waste and losses as conditions promoting acquisition of unearned income. "A sizable number of executives at different levels have learned to think the way they do owing to their experience in times when resources were abundant. This wealth spoiled many of them, encouraging their extravagance today," noted M. S. Gorbachev at the 27th CPSU Congress (9). The amount itself of excessive losses in the national economy and the tendency for their growth in some sectors leave no doubt that the notion that such losses are a necessary evil is strongly rooted. At tanneries of the RSFSR Ministry of Light Industry for example, growth in write-offs due to natural losses in relation to the previous year was 460 percent in 1982 and as much as 870 percent in 1983. The annual losses of cement and mineral fertilizers are 10 million tons. About the same amount of coal is lost during shipment. Breakage of window glass during transportation and cutting attains 35 percent. In 9 months of 1985 the country's motor transportation system exceeded its fuel consumption quotas by more than 1.5 million tons of gasoline and 307,000 tons of diesel fuel. Spoilage of agricultural products is significant as well, attaining 20 percent overall (10).

Possibilities for turning private property into personal property arise chiefly when technically and economically unjustified norms are used in production. Thus half of the norms checked in 1985 by the Odessa Territorial Administration of the USSR Gosnab (11,000 norms in three oblasts) were found to be inflated. The strictest possible economization of material resources is even more necessary. Material and technical norms are established for consumption of a number of resources on the basis of narrow local interests. As a result, for example, there are no norms at all governing consumption of almost a third of the gasoline, diesel fuel and technical-grade oils used in the national economy. Around 30 percent of gasoline consumption, 40 percent of diesel fuel consumption and all lubricating oil consumption are not accounted for.

The mechanism by which unearned income is derived is similar in the case where enterprises dispose of assets from customers who buy products at inflated prices. Money and material and spiritual blessings obtained in this fashion are in fact unearned; in other words these are forms of unearned income as well. The magnitude of such income may be assessed at least indirectly from the data of a number of inspections. Thus more than half of the retail trade and public food services enterprises inspected in the Armenian SSR committed violations of state price discipline. Numerous cases of incorrect application of wholesale, retail and purchase prices, of rates for motor transport and for personal services, and of surcharges and discounts were revealed in the Kazakh

SSR. As a result of the inspections 5.3 million rubles of illegal profit (gain) were transferred as income to the state budget.

A total of over 100 million rubles of illegally acquired profit were transferred into the USSR state budget as income for price setting violations in 1985 (11).

Such economic sanctions (withdrawal of the corresponding sums into the budget) imposed upon enterprises have the purpose of compensating for the unearned income of entire organizations. However, this form of liability has an extremely weak influence in regard to individual and collective income that is already disposed of (bonuses in the former case and finished houses, clubs and so on in the latter).

This once again emphasizes the importance of the system of measures to improve price setting and to intensify control over the justifications behind this important income-forming tool, foreseen by the 27th CPSU Congress. In compliance with this decree the USSR Council of Ministers must significantly expand its practice of imposing penalties exceeding the loss resulting from violation of write-off procedures. It would seem suitable to intensify personal material liability of officials for inflating wholesale and retail prices. This can be done by using economic stimulation funds directly to a greater degree to compensate for unwarranted income.

"Unearned wages" are one form of unearned income in social production that are classified in the third subgroup. Unearned wages become possible when the law of distribution of income in proportion to the labor contribution is not followed to the letter in economic practice.

As we know, wages are not a simple yardstick of labor. They are an expression of labor embodied within a consumer valuable of a particular sort. As Karl Marx wrote, "The quality of labor is controlled here by the product itself...." (12). But the idea of paying wages depending on end results has not been implemented consistently enough in the national economy. And today, the wages of the members of a third of the brigades in industry are not determined on the basis of end results. This creates the grounds for using "advantageous" and "disadvantageous" norms to acquire earned and unearned income. When norms are understated, they are surpassed by a considerable amount with no direct relationship to growth of labor productivity. As an example in 4 months of 1985 enterprises of the USSR Ministry of Construction Materials Industry fulfilled their norms by 123.9 percent in comparison with the same period of last year, at the same time that labor productivity decreased.

The main obstacle to implementing the law of distribution of income in relation to labor contribution was created by the practice of planning an absolute wage fund such that payments from it to the worker are treated as almost something inevitable, and often having no relationship to the end result. This was promoted in many ways by the manpower shortage, which has often been cited as an objective factor. "Some managers," M. S. Gorbachev noted in this connection, "complain of a manpower shortage. I think that in most cases these complaints are unjustified. If we dig a little deeper we

might discover that a manpower shortage does not exist" (13). This shortage was essentially created artificially by the disproportion that was allowed to develop between formation of productive capacities and the possibilities of recruiting new manpower, by shortcomings in labor organization and by ineffective redistribution of labor resources. Today there are 100 persons for every 120-130 jobs in industry. And so executives of some enterprises try to hold their employees either by increasing their wages unjustifiably or by decreasing the labor requirement for a given wage bracket, by paying workers who are idled by temporary shutdowns, and by paying absentees (14). As a result both higher wages and reduced labor outlays take the form of income that is not equivalent to contributed labor--that is, of unearned income.

Standardizing labor, continually improving standardization and bringing the standards into correspondence with the present level of technology and production organization play a large role in eliminating the basis for unearned income.

Unearned income may be the result of imperfections in the bonus payment system. Bonuses and additional payments presently make up a significant proportion of the total wage fund, attaining 35 percent in industry and 50 percent in mining sectors. There are over 40 forms of bonuses in industry alone. Bonuses are often paid from the bonus fund as well as from economic stimulation funds and from centralized and special funds for particular results even when the production plan is not met. In many instances bonuses are paid redundantly for the same result, and when one source is unable to provide income, it is "compensated" by income from another. Under these conditions bonuses transform into mandatory payments not associated with the quality and effectiveness of labor--that is, once again they are a variant of unearned income (15).

Income from manufacture of unsalable products should also be treated as a "veiled," latent form of unearned income. "We can no longer condone the fact that workers of enterprises manufacturing unsalable products go about their lives unconcernedly, receiving their full wages, bonuses and other blessings," it was noted at the 27th CPSU Congress. "Why must we pay a laborer when he manufactures a product that no one wants?" (16). Unearned income of this sort is presently being compensated by state assets. Special state funds created just to compensate for mark-downs of electric heaters more than quintupled in the 11th Five-Year Plan. We could hardly say that this procedure corresponds to the principles of real khozraschet and of distribution of income in proportion to the labor contribution.

Let me emphasize that the classification proposed above for unearned income and for the circumstances promoting appearance of unearned income is conditional to a certain extent. Some complex processes may fall into several subgroups simultaneously. Indicative in this respect are expenses associated with the use of seasonal and temporary construction brigades. Not less than 2.3 million persons worked in such brigades in the 10th Five-Year Plan; in the 11th Five-Year Plan there were up to 5,000 brigades operating on a contract basis.



The abundance of brigades "for hire" is a spontaneous reaction to an imbalance between production needs and the possibilities of the agricultural and construction organizations themselves, and to the labor surplus in some regions. And every spontaneous form of use of labor resources, such as "brigades for hire," promotes direct abuses and acquisition of unearned income (in our classification this would be subgroup 1 and 2 unearned income), or it compels administrators to compensate for the absence of centralized norms by adopting local regulations, which have come to be called "shadow rights" (17) (subgroup 3 unearned income). The wages of such independent workers average 1,000 rubles or more a month (18). It is believed that temporary brigades work long hours, or that the intensity of their work and their productivity are unusual. Experience shows, however, that the high income of members of seasonal construction brigades is rarely explained by these features of their work, especially if we consider their total income. We know of numerous cases where organizers of the activities of such brigades have resorted to misappropriation, excessive claims for work done and bribery. Entering into a criminal conspiracy with farm directors, they receive the best equipment, plenty of fertilizer and the most fertile and most easily worked land. Lower yields are planned for these brigades, and construction orders are readily signed for these brigades. Just one organizer of such brigades, who managed to establish ties with over 60 enterprises, was able to misappropriate millions of rubles together with his brigade members. In this case the resourceful "organizer" transferred 400,000 rubles to farm directors as bribes (19). Farm directors also exceed the established pay rates in their contracts.

It is extremely important to make the improvements in agricultural economic relationships foreseen by the CPSU Central Committee and USSR Council of Ministers decree "On Further Improvement of the Economic Mechanism of Management in the Country's Agroindustrial Complex." Thus it was established that sovkhoses use standard labor-intensiveness and wages, determined as part of the construction cost estimate, to calculate wages for construction performed through local resources. It would also be extremely important to widen application of cooperative principles in this area. Here is what was pointed out at the 27th CPSU Congress: "We must attentively examine proposals on how to resolve the individual labor problem. It stands to reason that such labor must be fully compatible with the principles of the socialist economy, and be based either on a cooperative basis or on a contract basis with socialist enterprises" (20).

As far as unearned income extracted in the sphere of the public's individual labor and barter activity is concerned, division of such earned income into three subgroups persists here as well.

The greatest erosion of the socioeconomic principles of socialism is observed in cases where unearned income is obtained through commercial mediation--through illegal barter. Besides its obvious forms (speculation, prohibited ventures), "disguised" forms have also become widespread. Typical in this aspect is the situation at kolkhos and flea markets, where the "major wholesalers," who are credited with the absolute majority of sales, are often second-hand dealers and traveling vendors. This in many ways explains the significant price difference that is not commensurate with the difference in



demand for seasonal products of the same quality at Moscow and suburban markets in summer. Obviously such income must be recognized as being unearned, and not only in regard to the second-hand dealers but also in the economic sense even in regard to those who invested their own labor into production and delivery of goods but who unwittingly capitalized on an artificially created market. In this case the unearned income is a consequence not of the relationship between supply and demand, but rather of its limitation taking the form of the market's monopolization.

The CPSU Central Committee decree on intensifying the struggle against unearned income foresees a system of measures to reorganize market sales--to curb the activities of speculators and to increase the importance of commission trade and the role of consumer cooperatives (21). Today the Central Union of Consumers' Societies is able to procure only 30 percent of the fruit, 52 percent of the vegetables and 45 percent of the potatoes that the public is prepared to provide. We need to expand the economic experiment carried out in Moscow's markets, where up to a third of the trading space is reserved for cooperatives and where a specific regional consumer society is assigned to a specific market. It would be suitable to develop a network of "minimarkets" at the busiest locations. Organization of receiving points where average market prices are offered could become a radical means of curbing the practice of cornering the agricultural market. Delivering products to market remains an unsolved problem. Selective studies showed that up to 80 percent of market vendors used state vehicles without authorization.

Unearned income can also appear in the area of individual labor--for example when craftsmen do jobs without paying taxes or when they use state equipment. According to data of the USSR Ministry of Trade around 40 percent of the garden sheds in a certain region of the country were built with state equipment appropriated illegally. Equipment went for the following hourly rates in this case: 55-75 rubles for a truck-mounted crane, 33-45 rubles for a bulldozer and 40-50 rubles for an excavator (22).

Nonmaterial private practice (tutoring, consultative services and so on) also needs to be straightened out. From my point of view special permits must be established for such activities. Permits could be issued by the administration of the organization to which the private worker officially belongs. Not only will this measure make it possible to maintain collective and state control over the income of such persons, but it will also prevent undesirable growth in the activity of consultants at the expense of their principal occupational obligations. It will also keep people without the required qualifications from acting as consultants.

Is unearned income limited to money? Once again in my opinion this question needs to be resolved from the general perspective of reproduction. The "unearned income" concept is equivalent not to "nominal income" but to "real income." Consequently violation of the economic laws of socialism in the phase of exchange--exchange of money for material and spiritual blessings--is equivalent to obtaining unearned income. In particular, a person may create unearned income by using his official position for personal gain. Thus it is no accident that the indicated CPSU Central Committee decree on the struggle against unearned income poses the task of "decisively curbing cases of self-

interest, abuse of official position and protection of dishonest people" (23). It is emphasized in the USSR Council of Ministers decree on this issue that final eradication of unearned income can be based only on a deep study of the conditions facilitating its creation and their elimination. This task is a complex interdisciplinary problem.

#### FOOTNOTES

1. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuz" [Proceedings of the 27th Congress of the Communist Party of the Soviet Union], Moscow, 1986, p 152.
2. See Ibid., p 147.
3. See PRAVDA, 28 May 1986, pp 1-2.
4. See EKONOMICHESKAYA GAZETA, No 22, 1985, p 7; PRAVDA, 4 July 1985.
5. See PRAVDA, 28 May 1986, p 2.
6. See SOVetskAYA ROSSIYA, 18 Sep 1984.
7. See PRAVDA, 23 January 1986.
8. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuz," p 43.
9. Ibid., p 42.
10. See MATERIALNO-TEKHNICHESKOYE SNABZHENIYE, No 1, 1985, p 6; EKONOMICHESKAYA GAZETA, No 52, 1985, p 14; PRAVDA, 20 November 1985; PRAVDA, 17 June 1986.
11. See EKONOMICHESKAYA GAZETA, No 42, 1985, pp 9-18; PRAVDA, 17 June 1986.
12. Marks, K. and Engels, F., "Soch." [Works], 2d edition, Vol 23, p 563.
13. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuz," p 42.
14. Thus, just in Moldavian industry and construction alone, the losses of work time due to absenteeism, equipment idleness and other irregularities of this sort exceeded 400,000 man-days in the 11th Five-Year Plan. The material loss caused by these factors was 200 million rubles (PRAVDA, 5 May 1986).
15. See PLANOVOYE KHOZYAYSTVO, No 2, 1984, p 24.
16. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuz," pp 36-37.

17. SOVETSKOYE GOSUDARSTVO I PRAVO, No 6, 1985, p 56.
18. See IZVESTIYA, 14 April 1986.
19. See SOVETSKAYA ROSSIYA, 14 February 1986.
20. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuza," p 47.
21. See PRAVDA, 28 May 1980.
22. See LITERATURNAYA GAZETA, No 34, 1985, p 12.
23. PRAVDA, 28 May 1986.

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## LABOR

### GOSPLAN APPROVED MATERIAL INCENTIVE FUND STATUTE

Moscow EKONOMICHESKAYA GAZETA in Russian No 47, Nov 86 p 15

[Text] The Commission for Improvement of Management, Planning, and the Economic Mechanism, formed by decree of the USSR Council of Ministers, has approved (Protocol No 30, dated 23 October 1986) a number of documents on methods for ministries, associations, and enterprises being converted to full cost accounting (khozyaystvennyy raschet). The Standard Regulation on the Formation and Use of the Material Incentive Fund (approved by USSR Gosplan) is published below. It extends to associations and enterprises of USSR Minkhimmash, USSR Minpribor, USSR Minavtoprom, and USSR Minneftekhimprom, as well as to other individual industrial enterprises being converted as of 1 January 1987 to full cost accounting and self-financing.

Standard Regulation on Procedure for Formation and Use of the Material Incentive Fund of Associations and Enterprises Converted to Full Cost Accounting, Approved by USSR Gosplan

The present Standard Regulation prescribes the procedure for determining and using the material incentive fund of associations and enterprises converted to full cost accounting.

The regulation is aimed at strengthening the material interest of the workers of associations and enterprises in the final results of work and above all in reduction of product production costs, growth of profit and improvement of other indicators reflecting the effectiveness of performance of work collectives.

#### I. Procedure for Formation of the Planned Material Incentive Fund

1. The material incentive fund of associations and enterprises is formed in the 5-year and annual plans at stable rates from the planned sum of profit remaining at the disposition of associations and enterprises.

2. The rates used in forming the material incentive fund of associations and enterprises from profit are determined on the basis of the proportion of the distribution of profit in the base year and the targets and calculations of the 5-year plan. In agreement with the respective trade union committee the ministry may differentiate the rates of formation of the material incentive



fund from one association or enterprise to another. These rates are calculated as the ratio of the sum of the material incentive fund to the sum of profit remaining at the disposition of associations and enterprises. The rates at which the material incentive fund are formed must be set in such a way as to ensure correspondence between the relative size of the material incentive fund of associations and enterprises and the relative size of that fund for the ministry as a whole (including the reserve for that fund).

3. Bonus funds derived from profit and production cost (excepting transfers from price supplements awarded for highly efficient new products whose parameters equal the best domestic and foreign models and for products bearing the state Quality Emblem, as well as from profit actually received by associations and enterprises from sale of consumer goods and products for production and technical purposes manufactured from production waste) are to be included in the sum of the material incentive fund of the base year for purposes of computing the rates.

The following are included among the bonus funds derived from profit and production cost:

- i. the fund for creating, putting into production, and applying new technology, minus resources credited to the centralized fund of the ministry, and for the transfer of technical advances;
- ii. for conservation of specific material resources;
- iii. for promotion of invention and optimization paid out of a fund created in the association and enterprise;
- iv. for raising the level of compensation of reactive power in power plants;
- v. for increasing the output of consumer goods of associations and enterprises specializing in the manufacture of products for production purposes;
- vi. other types of bonuses reflecting the specific nature of the work of associations and enterprises derived from profit and the production cost.

The resources to guarantee payments of these bonuses must at the same time be taken into account in the profit planned for the years of the 5-year planning period.

Beginning in 1987 formation of other bonus funds from these sources is discontinued.

4. The rates of formation of the material incentive fund shall be broken down in the form of reference figures to the level of associations and enterprises well in advance of commencement of compiling the 5-year plan, and in the necessary cases they may be revised during the drafting of the 5-year plan.

Rates which have been duly approved shall not be subject to amendment or reapproval.

5. In agreement with trade union committees associations are permitted to differentiate the rates of formation of the material incentive fund from enterprise to enterprise if they have their own balance sheet and are part of the association.

At the same time correspondence must be maintained between the relative size of the material incentive fund at enterprises and the relative size for the association as a whole computed according to the established rates.

The resources of the material incentive fund of associations and enterprises shall be duly transferred to the disposition of production units, but they may also be transferred to the disposition of production operations and shops.

The procedure for transfer of these resources to the disposition of production operations and shops shall be set forth by the managers of those associations and enterprises in agreement with trade union committees. At the same time the relative size of the resources transferred must be made dependent upon the performance of those production operations and shops, which as a rule shall be appraised on a normative basis.

6. Supplemental resources of the material incentive fund intended for stimulation of workers engaged in bringing these facilities up to their rated output shall be allocated for newly activated enterprises, projects, and capacities (on a list approved by the ministry) in 5-year and annual plans by the ministry within the limits of the resources allowed the ministry for these purposes.

The relative size of the material incentive fund shall be determined from the average indicators for the branch, taking into account the established allowed time for attaining rated output and the level of its attainment. After the standard time allowed for achieving rated output at new capacities for the principal production operation has expired, the resources of this fund shall not be appropriated for incentives to be paid to workers engaged in achieving rated output in these capacities.

7. The ministry shall form a reserve for the material incentive fund, which shall be used pursuant to the procedure defined in the Standard Regulation on Formation and Use of the Centralized Fund for Development of Production, Science, and Technology and the Reserves of Ministries, Associations, and Enterprises Converted to Full Cost Accounting.

8. Associations which have subordinate enterprises with their own balance sheet may centralize a portion of the resources of the material incentive fund of this association calculated at rates applied to the sum of profit remaining at its disposition.

The sum of the centralized fund may not exceed 10 percent of the sum of the association's material incentive fund. The total size of the centralized material incentive fund shall be envisaged in the financial plan of the head enterprise and used for material incentives paid to workers of structural subdivisions in case of a temporary worsening of their performance indicators for reasons beyond their control and in other unforeseen cases arising in the course of fulfillment of the plan for the current year.

The decision on the purposes for which the centralized fund is to be used shall be made with approval of the work collective by the manager of the association jointly with the trade union committee.

9. The standard proportion between the rise of the average wage and the rise of labor productivity shall be assigned to associations and enterprises for the years of the 5-year planning period.

If associations and enterprises should depart from the standard relation between the growth of the average wage and the rise of labor productivity assigned for the years of the 5-year planning period, both planned and reported, calculated on a cumulative basis from the beginning of the 5-year planning period, the relevant portion of the material incentive fund formed at the standard rate shall be reserved for use when the standard ratio is attained or shall be transferred to the fund for social welfare and cultural programs and housing construction.

In the case when the plan of the association or enterprise for whatever reason envisages that the level of labor productivity of the association or enterprise will drop lower than the base year, then instead of the ratio between the rise of labor productivity and the rise of the average wage, the difference between the growth rates of these indicators shall be set forth in the plan.

10. For enterprises which operate at a planned loss or low profitability in the 5-year plan the ministry shall fix the absolute size of the material incentive fund and this shall be charged to and shall not exceed the size of the subsidy allowed the enterprise.

11. The material incentive fund shall be provided for in the financial plan of associations and enterprises by quarters and shall be calculated at the assigned rates applied to the profit remaining at the disposition of associations and enterprises.

The higher-level organization shall set forth the procedure for the quarterly distribution of the material incentive fund at enterprises operating at a planned loss or with low profitability.

12. For the purpose of determining in annual plans the material incentive fund of enterprises operating at a planned loss or with low profitability the total amount of the material incentive fund envisaged for the respective year in the 5-year plan shall be increased (or decreased) depending on the reduction (increase) of costs per ruble of marketed output envisaged on a computational basis in annual plans, compared to the proportion of this indicator envisaged for the respective year in the 5-year plan. This fund shall be enlarged at enterprises operating at a planned loss out of and not exceeding the saving obtained by reducing the size of losses in annual plans below the proportions of those losses envisaged in the 5-year plan for the respective year, and at enterprises with low profitability this shall be done out of profit remaining at the disposition of the enterprises. This increase (reduction) of the material incentive fund shall be done at the rates established by the

higher-level organization in agreement with the respective trade union committee.

## II. Procedure for Making Deductions From Profit to the Material Incentive Fund During the Year

13. Deductions to the material incentive fund shall be made quarterly on a cumulative basis at the rates established. These deductions shall be made from actual profit remaining at the disposition of associations and enterprises.

For associations and enterprises operating at a planned profit for which losses are planned in certain quarters, the transfers to the material incentive fund shall be made in the quarters for which a profit is planned on the basis of the planned annual amount of profit.

14. The total amount of profit actually received by associations and enterprises thanks to incentive supplements applied to wholesale prices for highly efficient new products whose parameters equal the best domestic and foreign models and for products bearing the state Quality Emblem shall be used according to the general procedure pursuant to the established rates governing profit distribution.

15. In cases when distribution of additional profit received from incentive supplements pursuant to Point 14 of this Standard Regulation results in a substantial reduction of bonus payments to the personnel of associations and enterprises as compared to the level achieved from that source, then the portion of profit remaining at the disposition of these associations and enterprises which has been received on the basis of those supplements may as an exception and by decision of the work collective be distributed between economic incentive funds not at the assigned rates, but so as not to allow that reduction.

This procedure may moreover be used to distribute additional profit remaining at the disposition of associations and enterprises from incentive supplements within the limits of the total amount received on the basis of those supplements in the base year.

The total amount of additional profit actually received by associations and enterprises on the basis of incentive supplements over and above the amount in the base year shall be distributed according to the general procedure at the established rates.

16. For purposes of determining the material incentive fund of enterprises operating at a planned loss and low profitability during the year the total size of the material incentive fund envisaged for the respective period in the annual plan shall be increased (decreased) depending on the reduction (increase) of cost per ruble of marketed output actually achieved during the year as compared to the levels of that indicator envisaged for the respective period in the plan. That fund shall be increased at enterprises operating at a planned loss from and within the limits of the saving achieved from reduction of the proportion of the size of losses actually incurred during the year as



compared to the size of those losses envisaged in the annual plan for the respective period of the year; at enterprises with low profitability this shall be done from profit remaining at the disposition of the enterprise. This increase (decrease) of the material incentive fund shall be made at the rates established in accordance with Point 12 of the present Standard Regulation.

17. In associations and enterprises the absolute size of transfers to the material incentive fund shall be additionally increased (reduced) as a function of fulfillment of the sales plan adjusted for fulfillment of delivery obligations in accordance with contracts concluded and job orders accepted for filling.

If contracts have been fully performed, the material incentive fund envisaged for the respective quarter in which delivery obligations have been fulfilled and underdeliveries made up for the previous period shall be increased by 15 percent.

In case of ahead-of-schedule fulfillment of the plan in any quarter, with consent of the consumer, and if the plan for deliveries in the last quarter is not fulfilled in this connection (provided the delivery plan is fulfilled on a cumulative basis from the beginning of the year, this increase of the material incentive fund shall be retained.

If associations and enterprises fail to perform delivery obligations in accordance with contracts concluded and job orders accepted for filling, the material incentive fund envisaged for the respective quarter in the financial plan shall be reduced by 3 percent for every percentage point of nonfulfillment, and the resources made available shall be transferred to the financial reserve of associations and enterprises. These resources shall be used to increase by 15 percent the material incentive fund of those associations and enterprises when in subsequent periods they fulfill targets and discharge obligations for product deliveries contained in the quarterly plan for that indicator. Should these resources be insufficient, the material incentive fund shall be augmented by reducing transfers from profit to the budget, and if necessary by reducing the charge on productive assets. The total amount by which the planned material incentive fund is reduced according to the procedure envisaged by this point shall not be restored in subsequent periods of the current year.

18. The profit actually received by associations and enterprises from the sale of consumer goods and products for production and technical purposes manufactured from production waste shall be distributed according to the procedure envisaged by Instruction No 130 of the USSR Ministry of Finance, dated 21 September 1983.

19. Funds formed from the unused saving on the wage fund achieved against the established allowance may be transferred to the material incentive fund at the end of the year provided the output plan (calculated) in value terms and targets for the rise of labor productivity are fulfilled. These funds shall be credited out of actual profit remaining at the disposition of the association and enterprise before that profit is distributed at the established rate.

20. In case of nonfulfillment during the year of assignments for increasing the output of consumer goods per ruble of the wage fund established on a computational basis for associations and enterprises specializing in manufacturing products for production purposes, the respective portion of the material incentive fund shall be credited to the financial reserve of associations and enterprises, and shall be restored if the lag is made up in the subsequent periods of the current year. This procedure shall be applied in cases when the resources of the material incentive fund for these purposes have been included in calculation of the rate for formation of the material incentive fund.

### III. Procedure Governing Expenditure of the Material Incentive Fund

21. The resources of the material incentive fund shall be spent in accordance with a budget. The draft of the budget for expenditure of the material incentive fund shall be submitted for discussion of the work collective of the association and enterprise, and after its approval it shall be made official by joint decision of the management and the trade union committee and shall be annexed to the collective agreement. The management and the trade union committee shall inform the workers and employees about fulfillment of this budget at the intervals envisaged by collective agreements.

In making up the budget governing expenditure of the material incentive fund, including remainders from the previous year, it is recommended that the use take into account the need to stimulate workers for successful performance of tasks facing collectives of associations and enterprises related to increasing production efficiency, raising the technical level of production and improving product quality, increasing the volume of output, and boosting labor productivity.

The size, procedure, and sequence for payment of bonuses and awards out of the resources of the material incentive fund shall be set by the management of associations and enterprises in agreement with the trade union organization.

22. The material incentive fund shall be used to pay the share of the regular paid leave of workers that corresponds to the share of their wages paid out of the material incentive fund and regional coefficients applied to bonuses credited from that fund.

23. With the consent of work collectives associations and enterprises are allowed to transfer a portion of the resources of the material incentive fund to related enterprises and to construction and scientific-research and process engineering organizations to stimulate the solution of complicated technical problems as well as to speed up performance of efforts toward technical improvement of capital assets performed under the conditions of existing production and for construction of projects for nonproduction purposes.

24. In drafting 5-year and annual plans associations and enterprises shall with consent of work collectives commit a portion of the resources of the material incentive fund to the fund for social welfare and cultural programs and housing construction to be used on a priority basis to finance construction of projects for social, cultural, municipal, and consumer services.

25. Associations and enterprises may with consent of the work collective commit resources of the material incentive fund to cover an overexpenditure from the wage fund.

26. Unspent remnants of resources of the material incentive fund shall not be subject to confiscation and shall be used in the subsequent year according to the general procedure in accordance with the approved budget concerning its expenditure.

27. Ministries whose associations and enterprises have been converted to full cost accounting shall devolve to those associations and enterprises the Standard Regulation on Procedure for Formation and Use of the Material Incentive Fund and also supplements and amendments to that Standard Regulation drafted so as to take into account the sectoral peculiarities of operation of associations and enterprises of the ministry, which have received clearance from USSR Gosplan, USSR Ministry of Finance, USSR Goskomtrud, and AUCCTU.

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## CIVIL AVIATION

### 'OFF-LINE' AEROFLOT OFFICE OPENS IN MONTEVIDEO

Moscow VOZDUSHNYY TRANSPORT in Russian 13 Nov 86 p 4

[Unattributed article: "Aeroflot in Montevideo"]

[Text] An Aeroflot office was opened in Montevideo, capital of the Republic of Uruguay.

The event was widely carried by the local press, radio and television. Representatives of government agencies, public organizations and foreign airlines attended the gala celebration which marked the Aeroflot office's opening.

The development of aviation links with Latin American countries is an important part of Aeroflot's broad and multifaceted program of international activities. At this time the Soviet airline has scheduled service to Havana, Mexico City, Lima, Managua, Kingston and Buenos Aires.

The opening of "off-line" offices (without initiating regular air service) is a relatively new development in Aeroflot's overseas operations. This system allows the groundwork to be prepared for new aviation market openings prior to the start of regular air service.

Off-line Aeroflot offices have been opened in Quito, Caracas, La Paz and Bogota.

The flow of Bolivian tourists to the Soviet Union has risen steadily in spite of the lack of regular direct air service. Last year a group of lawyers from Cochabamba spent two weeks in this country visiting Moscow, Leningrad, Kiev, Vladimir and Suzdal. This year more than 500 Bolivians have already visited the USSR.

The Aeroflot office located in the heart of Bogota, the capital of Columbia, is taking advantage of this popularity. The mass media have noted that the opening of an office by a major company such as Aeroflot is contributing to the development of contacts between the two countries.



The Aeroflot office in Caracas is a full member of the Venezuelan Airline Association (ALAV) where it maintains close contact with the country's domestic airlines, VIASA, AVENSA and Aeropostal.

Soviet-Uruguayan cooperation in the field of air transport began in 1983. A decree issued by that country's president in May 1985 granted Aeroflot aircraft the right to overfly Uruguay and to land at the Montevideo airport for technical services. The second meeting of the Soviet-Uruguayan Intergovernmental Commission examined questions of further developing cooperation in the area of air transport.

These and other examples indicate the good prospects for Aeroflot cooperation with its foreign partners on an "off-line" basis. Efforts are now underway to open similar offices in Panama City and Brasilia.

12746

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## CIVIL AVIATION

### SOVIET ASSISTANCE IN UPGRADING KABUL AIRPORT

Moscow VOZDUSHNYY TRANSPORT in Russian 13 Nov 86 p 4

[Article by Boris Gan, APN [NOVOSTI] correspondent, special to VOZDUSHNYY TRANSPORT: "An Example of Brotherly Cooperation"; first paragraph is source introduction]

[Text]--Kabul--Afghan civil aviation received a present from construction workers. A new domestic terminal complex was opened in Kabul at the beginning of November. It includes a terminal building, domestic airline ramp, control tower and a water, sewage, heat, communications and electrical network with a total length of 47 kilometers. Airport security facilities and a stand-alone system for starting aircraft engines were also provided. A modern highway leads to the terminal area and vehicle parking areas are located to the right and left of the two-story terminal building.

I met Mean Akhmad, president of the Afghan "Akuk" construction company, at one of these parking lots. His company worked on the new terminal together with the Road and Airport Construction Department of the Democratic Republic of Afghanistan's Construction Ministry and a group of Soviet contract specialists from the Kabul International Airport Renovation Project headed by Yu. Nedosekin. This was not my first meeting with Mead Akhmad. This spring he showed me the new Svecha-3 lighting system installed at the Kabul International Airport. His firm had been very active in its installation. Now there is a new example of Afghan-Soviet economic cooperation, the domestic terminal complex.

In Mean Akhmad's words, "The new terminal will permit a significant improvement in passenger servicing. Before the new building opened the trip started right on the airfield. The waiting room was right here. Now that's all gone," he explained as he offered to show me the new complex.

We approach a modern two-story building whose facade bears the words "Kabul Airport" in English and Dari. We enter a bright waiting room furnished with the latest fixtures. Here on the first floor there is a barbershop, nursery, storage room, offices and other services.

"The new terminal can handle 300 passengers an hour," Mean Akhmad continued. It cost 300 million afghans and 1.5 billion afghans have already been spent on

the Kabul Airport renovation. It must be noted that all the modernization work at the Kabul Airport has been carried out with the assistance of a large group of Soviet specialists who generously shared their vast experience.

After touring the new terminal building I decided to visit Yu. Nedosekin who heads the group of Soviet specialists.

"Our group," he said, "played a large part in all stages of building the Kabul International Airport's domestic terminal. We helped our Afghan friends through direct assistance and by helping to train the specialists they will need to service the complicated equipment included in the terminal complex. This equipment was delivered--right on time--from the Soviet Union."

"The handover of the new terminal is one of the stages in our work in Afghanistan," Yu. Nedosekin continued. "Before the end of this year, we and our Afghan friends are to finish the main taxiway extension work. Once this is accomplished the airport's capacity will increase by 30 percent. This is very important considering the increased number of flights handled by this joint-use facility. Then the second phase of renovation will begin. This will provide the Afghan capital's airport with modern radionavigation, radar and air traffic control systems which by 1989 will enable the airport to fully satisfy ICAO Category I requirements. Renovation of the Kabul International Airport Building will also be started."

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## CIVIL AVIATION

### NEW SISIAN AIRPORT IN ARMENIA GETS YaK-40 SERVICE

Yerevan KOMMUNIST in Russian 12 Oct 86 p 4

[Article by special correspondent R. Meliksetyan: "To Sisian in Style and in 30 Minutes"]

[Excerpts] The usual participants in a technical flight--specialists and managers from the Armenian Civil Aviation Administration and the Yerevan Aviation Enterprise as well as members of the reception committee—took their places in the YaK-40's cabin right on schedule. In the last decade I have been with groups like this at the opening of jet service to Goris and Berd, Stepanavan and Dzhermuk. Now we are flying to Sisian, the last domestic service airport in the republic. Until now it has been served by the once irreplaceable but now aging AN-2.

After checking the takeoff time on my watch I took advantage of the pleasant surroundings to interview the chief of the Armenian Civil Aviation Administration, Dmitriy Aleksandrovich Athashyana, Honored Pilot of the USSR. My question concerned the appropriateness of opening yet another airport in Zangezur, where two rayons already have YAK service and construction of a runway and terminal building is finishing up in Megri.

"There are adequate reasons for this in terms of climatic and natural conditions, as well as economic and social ones, especially considering the attention the Armenian Communist Party Central Committee is devoting to intensifying the development of mountain regions," replied Dmitriy Aleksandrovich. "First, Sisian is farther from a railroad than any other region in Armenia. It takes five hours to get there from Yerevan by bus. I probably don't need to tell you what it's like to travel on a mountain road with two passes and many hairpin turns and steep grades during the winter. That's why even with the AN-2 we sometimes made up to 15 flights a day into Sisian.

But there came a time when both the aircraft and the airport to which it flew became obsolete. Located at the very center of town, the airport was a obstacle to development and could not be expanded to handle modern aircraft.

We were faced with the need to move the 'gateway to the air.' An airport designed to handle AN-28 aircraft and to serve as a base for agricultural



aircraft was built in short order 8 kilometers from the rayon center. However, when it became clear that full-scale production of these machines was delayed, the region's workers extended the runway by 500 meters and speeded construction of the air terminal on their own initiative. Now, as you know, we are bringing in a YaK jet. Moreover, now there is another air bridge to bring Soviet and foreign tourists into Zangezur.

Finally, there is one more condition. Many years of observation have shown that the weather here is more suited to flying than in any other area of Armenia. There are more than 315 "flying" days a year. Add to this the fact that the airport's location allows the runway to be used from both directions and that the airport can even be used at night."

Within a week another YaK will begin regular service to Sisian. We wish it "happy landings" in the mountain region.

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## CIVIL AVIATION

### AIRCRAFT DESIGNERS DISCOUNT AIRSHIP FEASIBILITY

Moscow PRAVDA in Russian 17 Nov 86 p 3

[Article by P. Balabuyev, G. Novozhilov, general designers; G. Svishchev, chief of the Central Aerohydrodynamics Institute; and M. Tishchenko, general designers: "In Tomorrow's Skies: The Nation's Air Transport System of the Future"; first paragraph is PRAVDA introduction]

[Text] The call by the 27th CPSU Congress to increase the pace of development in our nation's remote regions, primarily Siberia, the Far North and the Far East, is motivating a search for more effective methods of quickly moving various types of cargo, including extremely heavy loads, over large distances. The problem is a critical one.

A comprehensive plan has been created at the order of the USSR GKNT [State Committee on Science and Technology] and under the leadership of the Central Aerohydrodynamics Institute (TsAGI). This plan has resulted in practical recommendations for accelerating the development of the nation's air transport system.

Specialists from the State Civil Aviation Scientific Research Institute, the Flight Research Institute, the USSR Gosplan's Overall Transportation Problems Institute and aviation industry experimental design bureaus participated in the project.

The finding was that the most numerous and typical cargos were those weighing up to 300 tons. The proportion of cargos over 400 tons is small. Based on this information two alternative transport system concepts were formulated: ONE BASED ON FIXED-WING AIRCRAFT AND HELICOPTERS AND THE OTHER BASED ON DIRIGIBLES AND HYBRIDS.

A comparative analysis showed that a system based on lighter-than-air craft was in no way capable of competing with the fixed-wing aircraft/helicopter system in terms of fundamental economic and technical indicators, reliability and operational suitability, degree of risk or lead times for creation and introduction.

## THE FIXED-WING AIRCRAFT/HELICOPTER SYSTEM

In this system fixed-wing aircraft are used to move cargos over long distances. These loads are then moved over the short distances from regional airports to delivery sites by helicopter, ground or water transport, e.g. by the Spetstyazhavtotrans Association. Existing facilities and airports under construction in the East support this capability.

The hauling capacity of aviation equipment has grown significantly in recent years and now approaches that of heavy truck and rail transport. As an example, the AN-124 "Ruslan" aircraft created at the Experimental Design Bureau imeni O. Antonov can carry cargos of up to 120-150 tons.

In the very near future we can expect the appearance of aircraft with significantly higher cargo capacities. Far from being a dream as some imagine, this is a very real trend in the development of heavy aircraft.

One thing of extreme importance is that these giant aircraft do not require any kind of special airports and will use civil aviation airport facilities. About 73% of today's cargos requiring transport can be flown in existing Il-76s, AN-22s and AN-124s. Estimates indicate that this figure will rise to 92% in the very near future.

What about the capabilities and future of helicopters?

The Soviet Union has the MI-26, the helicopter with the highest capacity and economy in the world, capable of lifting and moving cargos of up to 20 tons. All the technological requirements for development, full-scale production and introduction of helicopters with capacities of 50-60 tons are in place. But even this load level is not a limit. No technological limits are visible today in cargo capacity development. There is no "dead end" here.

Capable scientific, design and production teams are available to domestic helicopter builders and civil aviation has a fully developed operations and repair system at its disposal. Helicopters with the required capacity can be developed and built using these resources.

## DIRIGIBLES AND HYBRIDS

For many years, including the World War II period, dirigibles were used for some transport applications and special tasks. What was their advantage? A very low level of fuel consumption per transport operation unit. This is important in long-duration and long-distance flights.

However, dirigibles gradually lost their significance as a means of transportation. Why? Chiefly because of aviation's astounding development. The airplane went far ahead in terms of speed, productivity and reliability.

Dirigibles cannot be operated on a regular basis as they are too limited in terms of weather conditions and air turbulence levels. This is especially true of very large dirigibles. We only have to recall the experience of Germany, England, the USA and the USSR to see the severity of these limitations. Many

medium and large dirigibles of modern design have been lost in bad weather and severe turbulence.

To be sure, aviation science and technology have achieved far boundaries. Nevertheless it is difficult to imagine a major reduction of dependence on weather factors. The attainment of resistance and operational reliability in a super-light skeletal design under complex climatic conditions is an as yet unsolved problem.

Dirigibles require expensive ground facilities, and handling operations on the ground are complex. An analysis has shown that dirigibles cannot be operated without airport and hangar facilities. They require "dirigible ports" with fully equipped takeoff and landing areas. The diameter of these areas is only slightly smaller than that of a modern airport. These ports require hangars, mooring masts, complex hauling equipment and tackle and inspection, repair and refueling facilities.

It must be clearly understood that all lighter-than-air craft need a "home"--the hangar--for protection from the weather and to facilitate reliable operation and maintenance. These hangars are large and expensive structures.

How big does a dirigible have to be to haul a cargo of, let's say, 500 tons? The volume needs to be one million cubic meters. This means a length of 420 meters by a diameter of about 70 meters. You can already see that there are enormous problems in assuring control on the ground, especially in cargo handling operations, as well as problems in providing dynamic strength in turbulent conditions, controlling ice and snow accumulation and effecting maintenance and repair work.

Of course, there are efforts underway to create a more controllable lighter-than-air craft in which loading and unloading operations can take place without a ballasting system. These efforts have produced the so-called hybrids in which air-displacing balloons are combined with helicopter-type rotors.

TsAGI research has revealed that the hybrids known at this time have substantial inherent shortcomings in the areas of aerodynamics and control. The advantages of the dirigible (low fuel consumption) and of the helicopter (all-weather capability, good control, reliability in lifting work for construction, etc.) are lost when lighter-than-air balloons are combined with rotors. For this reason, none of their mutual advantages can serve as the basis for development of a new machine.

In recent years yet another variation on the lighter-than-air craft has been proposed: the saucer-shaped "thermoplane." As it is filled with a combination of helium and hot air, its lifting capacity can be changed by raising or lowering the temperature of these gases. To lift a 500-ton load the "thermoplane" would require a volume of 1.5 million cubic meters--one and a half times the volume of a dirigible with the same capacity. The air in this craft would have to be heated to 400-500 degrees Celsius and this would radically complicate its design and operation.



Specialists have concluded that, just as the hybrid, the thermoplane would not be able to conduct lifting operations in gusty wind conditions. Even slight gusts would produce high disturbance forces and effects on the thermoplane which could not be compensated by any means within reason. Does the proposed thermoplane solve the problem of developing high-capacity craft? Obviously not.

Nevertheless, let us assume all the technical problems of high-capacity dirigible development and operation are solved. What would it all cost? Multi-billion ruble expenditures would be needed to create a new branch of industry and build and operate dirigibles. These costs would far exceed those needed for fixed-wing aircraft and helicopter manufacture and operation.

#### WHAT ABOUT THE FUTURE?

On one hand there is the fixed-wing aircraft/helicopter system and on the other the higher costs, lower efficiency and longer lead times of a program with a unforeseeable technical risk.

Comparatively small dirigibles are more feasible than large ones. While not capable of competing with aviation as a means of regular air transport, small dirigibles could be used in operations requiring prolonged time in the air during favorable weather conditions (observation, special telecommunication transmissions and many others). In other words, we mean situations where a dirigible's advantage can be put to use without seriously experiencing any of its inherent shortcomings.

Small dirigibles are being examined and built abroad for these types of specialized applications (advertising, sight-seeing and patrol work). This type of approach is reinforced by the possibility of using relatively inexpensive ground facilities.

Past experience has shown that most medium and large dirigibles have ended their "lives" in accidents or catastrophes. Experience abroad proves that the accidents and catastrophes continue. In our opinion, dirigible manufacturing interests must continue research and design efforts, seek new and progressive solutions and create a reserve of scientific information.

In this country two small experimental dirigibles have been developed at the TsAGI's initiative and with GKNT support. Both are designed for extensive scientific research, flight testing and the investigation of possible practical applications in the national economy.

We feel that it is necessary to actively seek means of speeding the development of the fixed-wing aircraft/helicopter system. Interests involved in the delivery of heavy cargos must be made aware of the need to participate in ordering, developing and operating the required aviation equipment.

The Spetstyazhvtotrans Association has gathered a great deal of experience in moving heavy loads by various means of transportation. It would appear to be appropriate to examine the question of using this organization as the basis for creating an all-union association, "Soyuztyazhtransa" for example, which

would organize a comprehensive system using lessee and, in some cases, client ground, air and water transportation equipment and services.

The Soviet Union is a world leader in the manufacture of high-capacity aircraft and helicopters. We must extend develop this lead.

The technical aspects of creating the nation's air transport system have been defined. However, organizational questions of how to obtain the financing required for factories, how to allocate resources and how to develop the transportation system have remained unanswered for many years. This situation calls for justifiable concern. Successful implementation of the 27th CPSU Congress' guidelines for accelerating scientific and technological progress in this area of the nation economy depends on the resolution of these questions.

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## RAIL SYSTEMS

### CENTRAL ASIAN RAILROAD SUCCESS WITH BELORUSSIAN EXPERIMENT

Moscow PRAVDA in Russian 14 Sep 86 p 1

[Article by V. Artemenko, PRAVDA correspondent: "The Train Run Has Been Accelerated: Following an Initiative"]

[Text] At enterprises of the Central Asian Railroad more than 11,000 persons have been freed up, 8 million rubles in wages have been saved and labor productivity has increased by 11.5 percent since the beginning of the year by following the initiative of the Belorussian railroad workers.

They began with a reexamination of output standards. The labor intensiveness of piece-work operations was reduced by almost 15 percent. Brigade formats were introduced for labor organization and payment. Switch engine engineers have started to manage without assistants.

There are also many innovations on the railroad's other units. For example, they have combined the Maryyskoye and Ashkhabad divisions, the Termez-Port and Termez stations; they have closed down several locomotive depots and communications signaling divisions.

The collectives are creatively developing the initiative of the railroad workers from Belorussia. Thus, in the Bukhara division, a united track maintenance enterprise with a separate balance and accounts at Gosbank has been established. More independence has shown up within it, responsibility is higher and the possibility for maneuvering with financial and material resources has shown up. A dispatcher centralization project for the sector between Samarkand and Karshi has been worked up in the local design bureau. It is proposed this method will free up dozens of assistant station masters and siding duty personnel.

The railroaders and a collective from the Tashkent tractor plant have together worked out a new scheme for shipping tractor trailers: instead of 6 they now load 9. Up to 3,000 flatcars can be freed up annually.

The first stage of the experiment is completed. It is necessary to complete measures undertaken to free people up, improve the collection, processing and transmission of information, put the railroad's new computer center in operation, equip engineers' workplaces with computers and reorganize the administrative apparatus.

"The experiment has also posed the type of problems which is difficult to solve on the spot," says the railroad's chief N. Belogurov. "We have planned a number of measures which call for the incorporation of progressive technological processes."

For the first time in recent years, the Central Asian Railroad has fulfilled the plan for the first half-year for all technical and economic indicators. More than 2.5 million tons of freight beyond the plan has been shipped, shipping costs have been reduced and car turn around time has improved.

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## RAIL SYSTEMS

### BETTER RAILROAD DIVISION, LINE SECTOR COORDINATION URGED

Moscow GUDOK in Russian 2 Sep 86 p 2

[Article by A. Pichugin, chief of the Nizhnevartovsk line sector; A. Bolfinov, deputy chief of the Berkakit line sector; Yu. Lyubimov, chief engineer of the Smichkovskiy line sector and 8 others not named, all students at the Khabarovsk Railroad Engineers Institute, Department of Qualifications Improvement: "An Agreement Is Needed between the Division and the Sector"]

[Text] Expansion of the independence of associations and enterprises; increasing their responsibility for achieving the highest final results; their conversion to true cost accounting, self-financing and self-reimbursement and setting a direct relationship between the collective's income level and the efficiency of its operation are some of the main problems with restructuring the economic mechanism of management.

In rail transport, the railroad division emerges as a managerial body and the head enterprise. It functions on the basis of the Statutes for a Socialist State Enterprise, combining all of the transport sectors. Rail traffic workers, locomotive engineers, rail car workers and track maintenance personnel all participate in the transportation process, but, for some reason, it is accepted to consider that the final result is achieved by the traffic service. And this is not true. A good final result is impossible without good intermediaries as well, that is, without suitable maintenance and efficient utilization of the locomotives or without the track and cars being in good operating condition.

At the same time, the operation of a majority of the transport enterprises depends in many ways on the traffic service. Let us take, as an example, the track maintenance service. The sector cannot maintain the rails in good condition without breaks in train traffic--"windows." Moreover, delivery of people to and from the workplace has to be organized. All of these questions are within the competence of the traffic division workers. Unfortunately, the traffic division workers bear almost no responsibility to the track workers for them. At the same time, the fiscal well-being of the line sector depends not on how well it is functioning, but on whether or not the division is fulfilling the plan. The line sector cannot exert a substantial effect on the results of its operation. This means that in the final analysis, the division represents and expresses first of all the interests of the workers in the traffic service.

The planning and production management system being employed requires radical restructuring. The division plans operating expenses for track maintenance from a level which has been achieved, not taking into consideration the standardizing documents which determine labor costs for its maintenance. And the line sector is put into a position where it has to choose either to keep within the plan for expenses, make the track condition worse and....receive the prizes or to have more people so as to keep the track in good condition but overspend on salaries and, consequently, have nothing for economic stimulation.

For example, in 6 years, the Nizhnevartovsk sector has fulfilled the conditions of the socialist competition only once, although the collective has been working well: the last 3 years the track has been maintained in excellent condition. It was accepted from the builders just in 1980 with much left unfinished. There is no production base, train speed did not exceed 50 kilometers per hour, there were about 30 warnings [per day] and the average intensity [Rus. 'ballnost'] was 1.260 units.

Now the speed along the entire sector is up to 80 kilometers per hour although the collective is not yet at full strength. The division does not take this fact into consideration, and the sector is deliberately deprived of the chance to participate in the socialist competition when the labor plan is received for each subsequent year.

Moreover, the specifics involved in planning for labor costs for track maintenance consists of the fact that labor costs unavoidably increase from year to year in connection with the increase in freight traffic volume, the aging of the track and the growth in the build-up of [track] deformations. It is true that they might fluctuate to the side of a reduction, for example, after the track has been repaired, after incorporation of new equipment or due to an improvement in labor organization. But, as a certain period of time elapses, the costs again begin to increase.

To improve the operation of the line sector and their interest in more completely utilizing assets, it is necessary to convert to a form of cost accounting whereby the sector, under a contractual arrangement, makes the railroad line available to the division and insures its good operating condition, being all the while an independent unit. The economic links and contracts between the division and the sector should be precisely defined.

The sectors are obligated to maintain the track and devices which insure unhindered, safe passage of trains at set speeds in good working order. And the division should finance the line sector in accordance with scientifically based standards for labor expenses and the funds for track maintenance and repair. Planning quotas, precisely substantiated by engineering and economic calculations and more complete indicators with direct ties to the work of the track workers are needed as well. Bonuses for the people should be made a direct function of the results of the sector's work.

In this regard, it is necessary to determine the source for bonuses for the results of their self-supporting activity, the conditions for its formation and utilization and the selection of indicators. In the agreement between division and sector, the material accountability for violation of contracts must be

specified. For example, the line sector pays the division for unscheduled warnings, for train delays which are its fault, for keeping a [work] 'window' open too long, etc. For its part, the division pays the sector for disrupting planned 'windows' and disturbing scheduled hand car traffic and other losses in work time which are the fault of the traffic workers.

The proposed system of interrelationships between the enterprises and the division will permit us to sharply increase labor productivity in transport by increasing the accountability and material interest of each in the final results of their labors.

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## RAIL SYSTEMS

### SOUTHERN RAILROAD SUCCESS WITH BELORUSSIAN EXPERIMENT

Moscow GUDOK in Russian 19Sep 86 p 2

[Article by A. Puchko, chief of the Southern Railroad: "The Arithmetic of Efficiency"]

[Text] On the Southern Line, serious preparatory work preceded the economic experiment based on the experience of the Belorussian Railroad. Commissions established under the administration of the railroad within divisions and the enterprises worked very fruitfully. The main efforts were concentrated on uncovering intraorganizational reserves and putting them into service and on better utilization of the production potential which is at our disposal. In particular, we stressed obtaining a greater yield from the new equipment introduced during the years of the 11th Five-Year Plan. During this period, the state invested more than 200 million rubles in developing the economy of the railroad. Electrification of the line was carried out at accelerated pace. The length of the sections equipped with automatic block signaling and centralized dispatcher service was increased.

The expanded and updated railroad computer center now solves more than 300 problems of the operational management of operations in 47 complexes. Automated control systems are in operation at the Osnova and Kupyansk-Shunting shunting yards. Automated control systems have appeared at the container points at Kharkov-Balashovskiy and Kharkov-Chervonozavodskiy stations.

And the achievements of technical progress are being used more widely for repair and maintenance of track. The heavy VPR-1200 and VPRS-500, which are high production machines, have been incorporated, as well as machines to tighten and lubricate the terminal and insertion [Rus. 'zakladnyye'] bolts.

The railroad's fleet has been augmented with new locomotives, passenger cars and machinery for loading and unloading operations. By the way, the level of mechanization of loading and unloading operations has now reached 98 percent.

Certainly the incorporation of new equipment and progressive procedures played no small role in the fact that during the 11th Five-Year Plan, labor productivity increased by 10.8 percent, when the plan called for 8.5 percent.

The task posed for the industry today, to emerge within a short period of time into the most advanced position in the world as regards labor productivity,



required further intensification of operations in all of the railroad's services. Having carefully weighed their capabilities, the line's collective decided to incorporate a progressive method of management following the example of the Belorussian Railroad not for 2 years, but for one.

Workers' meetings were held in all the labor collectives. Many proposals were offered for improving the structure of the enterprises, the technology and organization for performing work and reexamining performance standards.

Having calculated everything in detail, it was decided to free up a little over 11,000 persons on the railroad with a wage fund of 22.1 million rubles. This will permit us to raise the wages of the remaining contingent by 14.6 percent, or 24.7 rubles per month, on average. Labor productivity will grow by 15.6 percent.

They also thought carefully about how best to utilize the workers who were being freed up. A portion of them was transferred to other railroad enterprises where the work force was not complete. A portion was employed in related industrial enterprises. We were aided greatly here by the connections with local job placement institutions. As a rule, each worker who was released had offered to him several choices so he could select work to his liking.

Individual conferences were held with each worker who came under the reduction. This aided us in taking the desires of the people into consideration when it came to job placement, in finding a true solution in each case. We kept strict control to insure the law was not violated, that both the letter and the intent of the law were observed.

The improvement in techniques, incorporation of new equipment and, in particular the organizational restructuring urgently required serious retraining and improvement of qualifications for workers in the mass professions. In just the first quarter of this year, 3,366 persons improved their qualifications.

And now we have the first results of the Belorussian experiment on our railroad. 10,500 persons have been released, and 2,511 have taken early retirement [Rus. *zasluzhennyy otдых*']. More than 3,000 more have been let off on their own request, 932 vacancies have been eliminated, and the staff has been reduced for various reasons by an additional 3,800 persons.

Of course, there were people who were unsatisfied, there were also snags; the process is far from a simple one, touching as it does the life interests of people. It was difficult to count on everything going off without a hitch. But it may be said with assurance that on the whole throughout the railroad, the experiment found understanding and broad support in the labor collectives. The people saw how the organization of labor and production is improved, how easier it is physically, how much more interesting it is to work when the newest equipment and most progressive procedures are being widely used. The establishment of consolidated, all-around brigades following the experience of the Lvovians yielded good and exceedingly gratifying results. We had almost a hundred such brigades last year. Almost 12,000 persons worked within them. We are now establishing consolidated all-around brigades on all dispatcher sectors. This action will facilitate a successful resolution of the task

set up by the main line's collective: to guarantee the unhindered reception of trains at the junctions.

Some characteristic examples attest to how the new equipment and procedures have helped us improve labor productivity and work with a smaller staff.

Start-up of the first phase of the "Express-2" system and the "Ekasis" reference system ahead of schedule in Kharkov permit us to increase the labor productivity of the workers at the station by a factor of 2.

At the Poltava and Kharkov mechanized loading and unloading sectors, they are using diesel fork lifts when handling crated cargo. And right away it became possible to do a greater volume of work with a smaller staff, to reduce the number of people working with charging batteries [Rus. 'akkumulyatorshchiki'] who formerly serviced the electric fork lifts. They did some organizational restructuring at the same time. The service zones have been expanded at all line sectors, and the output standards were reexamined.

As is the case on other railroads, they seriously worked with the problem of converting guarded crossings to unguarded, with automatic signaling to show the approach of a train. In the first half of the year, 390 crossings were renovated in this manner. They were able to free up many crossing guards. This is not a prestige profession, and it was difficult to fill the positions. Now the former guards can be engaged in more interesting work, and those for whom it is too late to be retrained can take early retirement.

The rail car workers were in almost the most difficult position. Not only did they have to reduce their contingent in order to achieve the set savings in the wage fund, they also had to take on additional obligations in the area of commercial train inspection. But they also succeeded in coping with the problem here too.

The reorganization brought to light the organizational capabilities of our leaders; their approach to matters, skill in leading the collective and in solving difficult problems were revealed particularly graphically. There also were those who relied solely on the strength of the order and were unable to explain to the people what's what. This led to conflicts in a number of places. In some places, they even tried to prolong incorporation of the measures. As an example, converting the crossings from guarded to unguarded was held back first by the track workers, then by communications workers. It was necessary to urge them, to set them straight.

The sluggishness of certain main administrations within MPS [Ministry of Railways] also hindered us. As an example, having planned to convert more than 700 locomotive engineers employed in taking trains out and turning them over to line engineers [Rus. 'mashinisty, zanyatyye na vyvoznoy, peredatochnoy rabote'] to working by themselves [Rus. 'v odno litso'], we are still unable to do this. There is no authorization from the Locomotive Main Administration for engineers on two-section locomotives to work alone. But on the line, single section, double cabin locomotives are considered single units, but they all are in passenger service.

Of course, an old, established habit among managers, to have more people assigned to him, will not go away simply all by itself. Such habits must be uprooted, uprooted with knowledge of the affairs, with economic computations, insistently. It was not simple to reach a state when the people acknowledged, were certain that the Belorussian experiment was not just a simple salary increase, that one had to earn the raise. Each worker should get money in strict accordance with the results of his work.

At Poltava-Kiev Station, having reallocated duties and expanded the service zone 30 persons were released. For 5 months, the savings to the wage fund was 16,000 rubles. Having received an addition to the family budget, people began to work better. Senior freight and baggage acceptance inspector N. Lykhanenko is an example here. She systematically overfulfills shift quotas for car unloading by 5-6 percent, works without damage and has emerged the victor in the "Best of the Profession" competition several times. For a long time, senior freight and baggage acceptance inspector A. Shkurupiy has not ceded leadership in socialist competition. Her experience and keenness of wit not only help her to exceed the quotas for static loading, to cope successfully with the plan, but also help the entire shift produce well.

During the course of the experiment, the Southern Railroad's workers were given the most active support by oblast and rayon party committees and the oblispolkoms, particularly in placing workers who were released on [new] jobs.

The first results of our work assure us anew that the experiment has opened new, very rich prospects for increasing the efficiency of the line's operation. Since the beginning of the year, the basic technical and economic indicators have been overfulfilled. Car turnaround has been accelerated. Static load has been increased significantly. Average train weight has been raised. Quotas for car and locomotive productivity have been exceeded. Transportation costs have been reduced. More than 5 million rubles above the plan have been received as profit.

Working with a smaller contingent, we are carrying out an increasing number of shipments. Labor productivity has increased by 12.7 percent. Based on totals for the [first] two quarters of 1986, the railroad's collective has been awarded the challenge Red Banner of the Ministry of Railways and the labor union's Central Committee.

Success makes one happy, but the collective has no intention of resting on its accomplishments. An analysis of the results achieved by introduction of the Belorussian experience shows that the capabilities for further intensification of the transportation process are by no means exhausted. There are reserves, and the Southern Railroad's workers intend to put them into operation boldly, decisively, in an innovative fashion. This is in the tradition of the line.

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